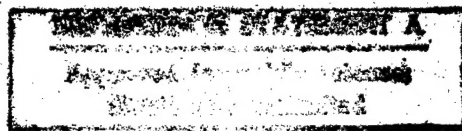


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# Latin America Report

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5 August 1982

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No. 2551

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## OIL EXPLORATION AGREEMENT SIGNED WITH CANADA

FL221916 Bridgetown CANA in English 1810 GMT 22 Jul 82

[Report by Paget Defreitas]

[Text] Kingston, Jamaica, 22 Jul (CANA)--Canada and Jamaica have signed a 6.8 million dollar (Can) agreement under which Petro-Canada International (PCI), the state-run Canadian oil firm, will assist Jamaica in its current oil exploration drive.

The agreement was initialled here yesterday by Prime Minister Edward Seaga, who is also responsible for energy, the chairman of the Petroleum Corporation of Jamaica (PCJ), Bill Saunders, and Petro-Canada chairman, Peter Towe.

According to an official statement, the Canadian grant will be used to finance further seismic surveys of Jamaica's south coast, the findings of which will be put together with existing data on the area.

An assessment is also to be done of the island's on-shore oil exploration programme, including the appraisal of wells which have already been sunk, and the examination of areas for additional well sites.

The agreement also calls for Petro-Canada, which was set up to aid developing countries in energy development, to provide low cost management services in Jamaica's current on-shore drilling programme as well as the training of PCJ personnel.

Two of three wells in Jamaica's initial on-shore exploration programme by the PCJ have already been sunk but without finds, and drilling operations on the third are due to get underway early next month in the western part of the island.

Prime Minister Seaga said the second well, in the north of the country, had shown signs of gas and oil, but not enough to warrant continued exploration.

An off-shore well, which had been sunk by a consortium of the American firm, Union Texas and the Italian State Oil Company, AGIP, was also dry.

CSO: 3025/1125

## COLOMBIAN COMMUNITY IN VENEZUELA ORGANIZES

Bogota CROMOS in Spanish 29 Jun 82 pp 24-27

[Article by Ligia Riveros]

[Text] Of the 3 million Colombians who live in foreign countries, 1.4 million live in Venezuela. In 1978 2,000 persons voted. On 30 May 1982 the number of people voting rose to 26,000. Dario Barrera Morales and Cecilia Rojas de Arciniegas, heading a "national committee," directed Belisario Betancur's campaign in Venezuela. After Betancur's victory they felt their goal had been accomplished, and the committee was dissolved. However, since 31 May, under pressure from more than 50 popular barrios, the same leaders have been promoting an organization of Colombians in Venezuela which will be called "National Movement of Popular Participation."

We find something different in Venezuela: the Colombians no longer have that uncomplaining air that used to characterize them, nor do they suffer the trauma of emigration, nor is their only topic of conversation their complaints about their "misfortune," extortion on the border or the fact that they have been beaten, exploited and persecuted.

On the contrary, we find a group of our countrymen who are aware of their duty to express themselves as individuals and to make decisions concerning their country, which they were obliged to leave because of unemployment, social upheaval and despair. Why the change? "Because we are Colombians, and we want to return some day." That is the thought that inspires the members of the "National Movement of Popular Participation," which came into being in Valencia on 20 June at a general assembly with delegates from Maracaibo, Caracas, Los Teques, Maracay, Valencia and Barquisimeto.

"Colombia Has Forgotten Us"

It all began when Dario Barrera Morales and Cecilia Rojas de Arciniegas, who have resided in Venezuela for 7 and 12 years, respectively, went to the popular barrios, as leaders of the "Belisarist Committee," to seek out Colombian

nationals. They did not promise anything. They simply asked: "Do you consider yourself a Colombian? Express yourself! You have the right!" The people's enthusiasm took hold at that moment. It was the first time in 30 years that other Colombians had taken an interest in finding out what their countrymen were thinking.

The result was surprising. The people began to participate in national decisions. "We are strangers in Venezuela, and in Colombia they do not pay any attention to us. Consequently we are like phantoms," said one group of professional people. In the popular barrios they said: "It seems as though we were not persons. The consuls call us riff-raff. The members of the Belisarist Committee heard these opinions expressed not once, but many times, throughout their tour of various cities in Venezuela. Their work was reflected several days later in mass registration motivated in addition by a cassette carrying the candidate's message: "We shall have a nice country, in which the authorities do not fight with the people...We shall seek to bring dignity to the lives of the Colombian people through conversations with the Venezuelan Government...Colombia will receive with open arms those who wish to return..."

Thus, with unexpected alacrity, the people were rallied around a common desire: to be heard in Colombia; to influence the destiny of their country.

#### Strength in Unity

In Valencia the hopes for the new movement were unanimous. The popular leaders, delegates from various regions of the country, had traveled hundreds of kilometers to attend the summit meeting of the movement of Colombians in Venezuela. The "ideological platform" was approved unanimously: awareness of being a human person, the right to express oneself in a climate of freedom, political, economic and social participation, integration of the country...

Afterward there were some moments of real anxiety. During a recess the Colombians commented on the seriousness of their intention and the scope they were sure it would achieve within the national scene. "In unity there is strength," they told themselves. Later, when the platform was established, they understood more than ever that each person's struggle, backed now by the organization, was going to be successful. It was launched and approved that day in Valencia in a concise manner: "To discover, demand and seek solutions for the deeply felt needs of the Colombian people. To promote the organization of those people for the purpose of social, economic and cultural participation. To ascertain the opinions and solutions of the Colombian man in the street for his country's problems and to see that they are carried out. To encourage political participation by the people within Colombia."

The election of leaders did not take long, since it had been decided at regional assemblies and needed only ratification by the general assembly. Victor Ariza Orada, a former senator and former governor of the Choco, was elected president, in charge of unity. Dario Barrera Morales was chosen secretary general, with executive duties, and Cecilia Rojas de Arciniegas, secretary of organization. The National Committee includes, in addition, the regional executive secretaries and the secretaries of finance and communication.

## Valencia Declaration

Liberals, Anapists [National Popular Alliance], Christian Democrats, independents and conservatives participated for the first time in a democratic decision with national repercussions. All the delegates signed the "Valencia Declaration," which is to be delivered to the next president of Colombia.

In principle, it states: "...This movement, originated among Colombian nationals residing in foreign countries, seeks to unify the action of the Colombian people, without political distinction, in the following way:

1. Popular support for the government of Belisario Betancur, declaring itself to be in favor of continuing and institutionalizing the national movement that received a majority in the last elections. 2. To support, in the debate concerning the "national movement," a platform of minimal unifying ideas: the Colombian citizen's awareness of his condition as a human being, the resulting need for a climate of "the free exercise of freedom," so necessary if one is to express oneself, organize and create, politically, culturally, socially and economically, with a zeal for democracy and participation, a national integrated system. The National Movement of Popular Participation proposes in addition a platform of actions which are involved with the struggle to solve the deep-seated needs of the Colombian citizen and with the people's participation in the government.

## Legality of the Movement

The assemblies, meetings and contacts with the popular leaders of barrios in the suburbs have always been held behind closed doors. The movement seeks in this way to avoid censure or attracting the attention of the Venezuelan Government. Its leaders know that laws and what constitutes a possible infraction thereof, and for this reason they are careful in their activities. Now then, can a Colombian citizen or a movement in a foreign country participate in the decisions of its country? Alfredo Vazquez Carrizosa, an expert in international affairs, a former foreign minister of the republic and currently president of the Permanent Committee for the Defense of Human Rights in Colombia, replies: "Indeed yes, but on the condition that this does not interfere with public order in the country in which he resides and that he does not carry on any public political activities. This type of movement and association seems important to me. According to the norms of international law and human rights, each person is free to express himself, to communicate and to have an opinion on any subject that interests him."

## General Complaint

To talk with Colombians in Venezuela, to hear them intone the National Anthem and tell stories about meetings with their wives and children--loved ones they left behind when they emigrated, is to know how the hope of returning is uppermost in their minds. They have one priority: "to defend the dignity of the



Colombian citizen," and one general complaint: "the consular service is denigrating to the country's image because of its indifference to their problems, the slowness and the high cost of getting things done and its affronts to human dignity."

All these problems and many more will be studied by the National Movement of Popular Participation, which expects to expand its activities to other countries where Colombian nationals reside. They have already established contacts with the new government in Bogota. Within a few days they will accept an invitation from the colony in Washington.

8735

CSO: 3010/1879

## BRIEFS

LOAN FROM VENEZUELA--St Johns, Antigua, 16 Jul (CANA)--Venezuela is to provide Antigua and Barbuda with 1.5 million dollars (U.S.\$500,000) in development aid, it has been announced here. General manager of the Antigua and Barbuda Development Bank, Senator Bernard Percival has just returned from Caracas where he concluded negotiations for the financial assistance. The money, for financing development projects in Antigua and Barbuda, is coming through the Venezuelan Investment Fund. The Antigua and Barbuda Development Bank is acting as financial agent for the government in the transaction. [Text] [FL170050 Bridgetown CANA in English 1754 GMT 16 Jul 82]

CSO: 3025/1126

## IMF ASKED FOR AID TO COVER LOSSES

FL202331 Bridgetown CANA in English 2324 GMT 20 Jul 82

[Text] Bridgetown, Barbados, 20 Jul (CANA)--Barbados is asking the International Monetary Fund (IMF) for assistance to cover losses in earnings, especially from agricultural exports, Prime Minister Tom Adams has said on radio here.

Mr Adams, in comments made during his official visit to Jamaica last week, said Barbados was hoping to make a draw-down from the IMF's compensatory facility set up to handle such losses. He said there would be no great conditionality attached to such assistance from the fund.

"We don't want Barbados to come to the stage where the IMF becomes a dirty word," Mr Adams said in explaining what he called the island's early move to the fund.

Barbados' earnings from sugar exports fell from \$109.44 million (one BDS dollar; 50 cents U.S.) in 1980 to \$51.45 million last year and are expected to be depressed again this year. Industry officials have blamed low export prices and falling production and a large number of cane fires for the situation.

Sugar is Barbados' main agricultural export. The foreign exchange earner, tourism, too is in trouble with fewer tourists coming to Barbados because of recession in major western countries.

Mr Adams returned home from Kingston over the weekend. He told a social function there that Barbados, despite its successes in recent years, was facing economic problems.

"I suppose that in Barbados we have achieved much more than we could have dared to have hoped for," Mr Adams said at a dinner in his honour hosted by Jamaica's Prime Minister Edward Seaga. "(But) we can consider that we have problems at the present time."

Among the problems, Mr Adams said was unemployment, which his government had expected to be in single digit this year, but was now running at 11 percent.

He said that last week he had also been told by officials from the IMF that per capita income, which had been targetted at \$4,200, would be \$200 less.

Said Mr Adams of the IMF: "We, too, have had to consider the ministrations which these gentlemen may be prepared to offer us."

The Barbadian prime minister said that since 1962 there had been a territory in the Caribbean oil-rich, Trinidad and Tobago included, which had not had economic difficulties. He added: "It is sometimes forgotten that in the early part of 1973 Trinidad and Tobago also found itself preparing an application to the International Monetary Fund. Other things intervened and the day was certainly postponed. Whether forever, only time can tell."

Mr Adams said that the economic problems of the region underlined the need for unity in the Caribbean.

"Barbados, which appeared favoured by economic circumstances, as much needs CARICOM (the Caribbean Community and Common Market) and the spirit of Caribbean unity as any other Caribbean country, and I think we have to address ourselves to these problems of Caribbean unity."

CSO: 3025/1128

## TULL OPTIMISTIC ABOUT CONGRESS APPROVAL OF CBI

FL230008 Bridgetown CANA in English 2342 GMT 22 Jul 82

[Text] Bridgetown, Barbados, 22 Jul (CANA)--Barbados Foreign Minister Louis Tull said today he was now more optimistic that President Reagan's trade and aid plan for the region--the Caribbean Basin Initiative (CBI)--would get the green light from the U.S. Congress, it was reported here tonight.

The privately-owned Voice of Barbados Radio in a dispatch from its New York correspondent, quoted Mr Tull--now in Washington as part of a high-powered Caribbean CBI lobbying team--as saying that Reagan himself was optimistic about overcoming opposition from American interest groups to the CBI which is still before Congress.

Tull spoke after Reagan had met yesterday with a Caribbean delegation which included himself, Saint Lucia Prime Minister John Compton and Jamaica's Foreign Minister Hugh Shearer.

The Barbados minister was quoted as saying that President Reagan seemed determined to get the bill, which will provide (U.S.)\$350 million in extra economic aid this year, plus duty free concessions for Caribbean goods and investment incentives for U.S. businessmen wishing to set up in the Caribbean --through Congress.

Mr Tull said the president sought to allay Caribbean fears that the U.S. administration had lost its resolve to push the CBI through Congress in the face of the severe opposition from special interest groups.

The Barbadian minister said yesterday's meeting sought to make the point that Mr Reagan was not the type of leader who would make grand gestures to countries and then can't deliver on his promises.

Mr Tull's own view was that in view of Reagan's own record of scoring victories for causes which initially seemed near impossible, people should not underestimate the administration's ability to secure passage of the proposals. "Mr Reagan is optimistic and he has expressed that optimism to us. He tends to feel that the CBI is home and dry," Mr Tull said.

The minister is due back home on Saturday.

CSO: 3025/1128

## ELECTORATE NOW EXCEEDS 51 MILLION VOTERS

Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Jun 82 p 4

[Text] Brasilia--The Brazilian electorate exceeded 51 million at the end of the week and could reach the figure of 55 million registered voters by next 6 August, when voter registration for the 15 November election closes.

Those figures are taken from the survey of the Superior Electoral Court (TSE), based on the quarterly reports of the state electoral courts. Of the total of 51,271,553 Brazilian voters, 11,736,871 (more than 22 percent of all voters in the country) are in Sao Paulo. With regard to that state, the TSE admits that the number of registered voters may be much greater, because the figure published now is not that of the most recent report.

In addition to Sao Paulo, the nine states that follow, in order of the number of voters, are: Minas Gerais (5,955,137); Rio de Janeiro (5,762,853); Rio de Janeiro (5,762,853); Rio Grande do Sul (3,921,441); Parana (3,653,527); Bahia (3,570,481); Pernambuco (2,167,481); Ceara (2,019,063); Santa Catarina (1,866,101) and Goias (1,581,481). The state with the fewest voters is Acre with 99,262.

Registration in the capital cities is as follows, in decreasing order, according to the number of votes: Sao Paulo, 4,201,475; Rio, 2,835,872; Belo Horizonte, 837,443; Porto Alegre, 617,383; Salvador, 573,292; Fortaleza, 532,056; Curitiba, 511,533; Recife, 490,801; Belem, 426,681; and Manaus, 246,920. The Capital with the smallest registration is Rio Branco, with 47,000 voters, followed by Cuiaba (Mato Grosso), with 77,000.

With regard to the sex of the voters in the large states, the situation is as follows: Sao Paulo, 6,459,000 and 5,277,000; Minas Gerais, 3,290,000 and 2,664,000; and Rio de Janeiro, 3,058,000 and 2,704,000, male and female voters, respectively. Among the 10 states with the largest number of voters, only in Ceara is the number of female voters larger than that of male voters (1,010,000 versus 1,008,000).

The TSE has 632,375,000 cruzeiros to transport and feed voters in the rural area in November. During the last elections, 108 million cruzeiros were distributed, 70 million being for transportation expenses and 38 million for food.

Some states send their requests to the TSE only for transportation, others only for food, and there are those that send requests for both. Since the law for the transportation and feeding of voters went into effect (Law 6,091/74) only Rio Grande do Sul has never requested any appropriations. However, other states always claim to be in great need of the money, such as Bahia and Minas Gerais. In 1978, the states that requested the least money were Rio, Espirito Santo and Alagoas.

This year, the TSE has not yet received any request for aid from the Regional Electoral Courts. In the second half of the month, the court is going to authorize the submittal of requests up to 31 July. There will then be time to study each case during August and to release the appropriation beginning in September. In 1978, all measures had been taken by 14 September.

8711

CSO: 3001/176

## NEW CENTRIST PARTY EXPECTED TO EMERGE AFTER ELECTIONS

Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Jun 82 p 5

[Article by Nelio Lima]

[Text] Brasilia--Although everything is going to depend on the results of the elections, there are already those in congress who exercise their imagination, trying to foresee what will be the Brazilian political picture after 15 November, especially the profile of the party and the forces that will support the government until the 1985 presidential elections.

The emergence of a center or liberal party is regarded as certain and administration politicians like to say that that is going to cost the opposition an even sharper division. Rarely do they refer publicly to the vulnerability of the Social Democratic Party (PDS) itself, as if it could maintain its present makeup unchanged. In informal contacts, however, many of them admit that the elections are going to cause considerable harm to the official party and that, in any case, politicians will emerge from the elections who will be more demanding and disposed to make their support for the government much more conditional.

Along that line of restrained frankness, they admit that the PDS bloc in the chamber and the senate will suffer losses and that some of its members will tend to transfer to the new centrist party. The prediction, naturally, does not refer only to some known personalities, such as Deputies Magalhaes Pinto, Tales Ramalho and Herbert Levy, former Popular Party (PP) who today are active in the ranks of the PDS. They always admit that their stay in the official party may be transitory.

The discontent strongly affects PDS members who are the oldest and most effective supporters of the current government. Many expected their great opportunity and now feel sidetracked at an extremely important moment of their careers. At the time of selecting the candidates for the forthcoming elections, they saw a good part of their strength and decision-making power shift to the hands of the governors and, according to the complainants, some of the former behaved in a personal, emotional and not very political manner.



For example, Bahian Senator Lomanto Junior and the secretary general of the PDS, himself, Deputy Prisco Viana, also of Bahia--disappointed candidates for the governorship of their state--both complain about that. The former has practically broken with the party; the latter, more patient and with a longer career ahead of him, has resignedly restrained his disappointment.

Many others are in the same situation, save for certain particulars. The president of the chamber, Nelson Marchezan, saw his first great opportunity to run for the governorship of Rio Grande do Sul pass, after having striven in an election caucus in which the strength of the executive machine only helped to push one of the candidates, the then minister of welfare, Jair Soares.

In Espirito Santo, Deputy Teodorico Ferraco was chagrined at having his candidacy mysteriously vetoed; it is not known by whom or why. In Sao Paulo, former Governor Laudo Natel was crushed by the Maluf "steamroller." In Minas, independently of the result of the convention, the process of selecting candidates has already put some of the strongest election voices of the official party, such as Deputy Crispim Bias Fortes and Senator Murilo Badaro, on opposite sides.

In Maranhao, the PDS has fragmented itself in an even more dramatic manner: left were Deputy Edison Lobao, who reputedly has strong connections with sectors of Planalto Palace, and Senator Alexandre Costa, who controls a segment of the Maranhao vote, who even broke old ties of friendship with the national president of the party, Jose Sarnei.

In Ceara, despite the fact that the old practice of dividing positions and candidate nominations was revived, the politician apparently best equipped in terms of votes, Deputy Adauto Bezerra, was left out of the election contention.

There were many differences, and resentment remains in Rio Grande do Norte as a result of the imposition of the candidacy of Jose Agripino and the continuation of the so-called Maia dynasty.

And finally, the threat of an implosion once again hovers over the PDS in Mato Grosso do Sul, as a result of the high-handed and unorthodox methods of appointed Governor Pedro Pedrossian.

Those are the most flagrant cases; which does not mean that there are not grievances that can come to the surface during the campaign or after the elections as a result of the clash of interests.

In the area of congress, there is unrest among the PDS members, whether connected or not to the election problem. The same revolt against the abuse of power by some governors is manifested, perhaps in a more veiled manner, in connection with the methods of the government's political coordinator, Minister Leitao de Abreu. Even supporters of the most shameless contrivances became irritated over the absolute indifference the minister has shown to certain suggestions or demands.

The decisions arrive finished and ready--there is no room for discussion. The presidents of the senate and of the chamber, Jarbas Passarinho and Nelson Marchezan appear to have tried that but they no longer belong to the evermore closed political council: disagreements are answered with the closing of the matter, as is being done with the most recent "package" of reforms and as was already done with the linked-vote plan.

Therefore, the atmosphere of unrest does not pertain exclusively to the opposition parties. It is true that in the PDS, some situations may be accommodated up to the elections. However, others will persist and will end up bringing serious consequences to the official party.

8711

CSO: 3001/176

## COURT ESTABLISHES DEFINITIVE NUMBER OF DEPUTIES

## TSE Resolution

Rio de Janeiro O GLOBO in Portuguese 2 Jul 82 p 4

[Text] Brasilia (O GLOBO)--The Supreme Electoral Court (TSE) yesterday approved a resolution establishing the number of federal and state deputies per state, based on the population and on the maximum limit of representatives in the Chamber of Deputies--479--established by a constitutional amendment on the 29th.

According to the TSE, the filling of vacancies resulting from the decision it made yesterday, and those existing in the respective states, will be done by the executive committees. The provision of the Electoral Code applied by the TSE in those deliberations stipulates that "in case of death, resignation, ineligibility and filling of vacancies existing in the respective states, in proportional as well as in majority elections, substitutions and nominations shall be processed by the executive committees."

The numbers of federal and state deputies per state, pursuant to the instructions of the court, are as follows:

States	Population	Chamber of Deputies		Deputies in State Assemblies
		<u>Present</u>	<u>Future</u>	
Sao Paulo	25,040,698	55	60	84
Minas Gerais	13,390,805	47	55	79
Rio de Janeiro	11,297,327	46	46	70
Bahia	9,474,263	32	39	63
Rio Grande do Sul	7,777,212	32	32	56
Parana	7,630,466	34	32	56
Pernambuco	6,147,102	22	26	50
Ceara	5,294,876	20	22	46
Maranhao	4,002,599	12	17	41
Goiias	3,865,482	14	16	40
Santa Catarina	3,628,751	16	16	40
Para	3,411,868	10	15	39
Paraiba	2,772,600	11	12	36

Piaui	2,140,066	8	10	30
Espirito Santo	2,023,821	8	9	27
Alagoas	1,987,720	7	8	24
Rio Grande do Norte	1,899,720	8	8	24
Amazonas	1,432,066	6	8	24
Mato Grosso do Sul	1,370,333	6	8	24
Sergipe	1,141,834	6	8	24
Mato Grosso	1,141,661	8	8	24
Rondonia	492,810	2	8	24
Acre	301,605	6	8	24
	117,665,546		471	949
Roraima		2	4	
Amapa		2	4	
			479	

#### TSE Makes Correction

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Jul 82 p 6

[Text] The correction made yesterday by the TSE to the regulation establishing the composition of the Chamber and Legislative Assemblies for next year benefitted Parana, which will continue to have 34 federal deputies, and had been expected by the political parties. In the first listing, the TSE made a mistake in the figures and reduced the Parana representation, violating the Federal Constitution.

When it fixed the number of deputies per state in compliance with Constitutional Amendment No 22, which raised the number of seats in the Chamber from 420 to 479, the Electoral Court reduced the Parana seats from 34 to 32 deputies. Those two vacancies were transferred by mistake to the states of Minas Gerais, which then obtained 55 deputies, and to Piaui, which was given 10.

Now, with the correction, Parana will have 34 federal and 58 state deputies. Minas Gerais, which today has 47, will have 54 federal and 75 state deputies. Piaui which has eight, will go on to have nine federal deputies. The revision is made necessary to insure compliance with Constitutional Amendment No 22, which gave the TSE the authority to establish the number of deputies "with the necessary adjustments so that no state will have more than 60 or fewer than eight deputies, or undergo a reduction in the number established for the legislature initiated in 79."

The constitutional provision said that with the maximum limit of 420 deputies complied with, the number of deputies per state shall be established by the electoral court "proportionately according to population, with the necessary adjustments so that no state will have more than 55 or fewer than six federal deputies." The "package," therefore, prevented any reduction in the number of deputies fixed for the present legislature initiated in January 1979.

By mistake, the TSE on 1 July issued a resolution established the new composition of the Chamber and Assemblies, reducing the number of federal and state deputies for Parana, something which has now been corrected.

## FIRST HALF TRADE BALANCE SURPLUS TOTALS \$255 MILLION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Jul 82 p 26

[Text] The trade balance surplus in June was \$32 million, bringing the positive total in the first half year to \$255 million. Exports, however, contrary to what happened in the first 6 months last year, did not reach \$10 billion, staying at \$9.93 billion, 8.6 percent less than the first 6 months last year.

Imports also showed a decline of 13.4 percent in the first 6 months of the year with a total of \$9,675,000,000, thus allowing the surplus in the Brazilian trade surplus to rise "slow and easy" as Minister of Finance Ernane Galvaes said when he announced what he considers modest results. In June last year, the country had a surplus of \$154 million, however, in the 6 months it accumulated a negative balance of \$310 million. In recent months the balance declined but remained positive by \$1,759,000,000.

Despite having considered the June results as "very suspect"--it is the 14th consecutive result obtained and since May 1981 that trend has been maintained--Galvaes and the secretary general of the ministry, Carlos Viscava--who revealed the figures with him--are considerably less optimistic on the possibility of obtaining a \$3 billion surplus this year. However, the minister still insisted: "The original goals remain. I know that it is a bit difficult due to a decline in world trade, however, we still continue to move toward the goal of exporting \$25 billion."

## Expectations

The hope of Galvaes is that the new markets won by Brazil last year, such as Mexico, Nigeria, Venezuela, Ecuador, Peru, Bolivia and Chile, which backed off in the first half of the year, will return to buy national products in coming months. He also expects the Argentine market will regain its normalcy after the end of the Falklands conflict. He does not believe, however, that it will be possible to recover the \$900 million in exports lost in the first half of the year, due primarily to the decline in the prices of primary products, but he remains confident. Half of that total was the result of a slower rate of exports in the soybean area.

With respect to imports, there was also a significant decline with respect to the purchases of petroleum, which from January to June declined 8.5 percent. The amount spent for petroleum in the first half of the year was \$4,783,000,000, compared to \$5,225,000,000 in a like period last year. Other imports declined 17.7 percent. All together, however, the decline from January to June is smaller than from January to May (14.3 percent). With respect to exports, the decline from January to May was also greater, 7.3 percent compared to the 8.6 percent of the first half [as published].

#### Exports

<u>Items</u>	<u>Jun /82</u>	<u>Jun /81</u>	<u>%</u>	<u>Jan/Jun 82</u>	<u>Jan/Jun 81</u>	<u>%</u>
Total	1,650	1,925	14.3	9,930	10,860	8.6
Coffee	160	126	27.0	1,027	990	3.7
Others	1,490	1,799	17.2	8,903	9,870	9.8

#### Imports

<u>Items</u>	<u>Jun /82</u>	<u>Jun /81</u>	<u>%</u>	<u>Jan/Jun 82</u>	<u>Jan/Jun 81</u>	<u>%</u>
Total	1,618	1,771	8.6	9,675	11,170	13.4
Petroleum	780	799	2.4	4,783	5,225	8.5
Others	838	972	13.8	4,892	5,945	17.7
Difference	32	154		255	(-310)	

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CSO: 3001/191

## IMPORT FUNDS FOR STATE COMPANIES REDUCED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Jul 82 p 26

[Text] Yesterday the president of the republic approved the statement of purpose by the minister of planning, reducing spending by state companies on direct imports by \$650.7 million during the current year. Therefore, imports by those companies decline from \$3,680,400,000 to \$3,029,000,000, a decline of 17.6 percent. The largest cutbacks affect the iron and steel sector, with the SIDERBRAS [Brazilian Iron and Steel Corporation] losing \$260 million.

According to the statement of purpose, the cuts in imports were made "keeping in mind those operations already accomplished so as not to jeopardize the commitments assumed and it was also sought to give priority to the purchase of raw materials in order to minimize the possible effects on the level of the economic activity of the country." Imports of wheat, petroleum and its byproducts, which are subject to special controls, were excluded from the cut in spending.

The order from the president of the republic also establishes that the ministries and agencies of the Presidency of the Republic should without fail present to the Special State Company Oversight Secretariat (SEST) within 15 days the distribution of the new limits among their entities.

The president also authorized the raising of the ceiling established for the purchase and placement of foreign goods in the amount of 3,525,800,000 cruzeiros, mainly benefitting the Ministries of Education and Communications and the CNPq [National Scientific and Technological Development Council].

## The New Ceilings

The following are the new ceilings on direct imports by state companies, compared to previously established ceilings, and the change in percentage (In US dollars):

<u>Organization</u>	<u>Previous Ceiling</u>	<u>New Ceiling</u>	<u>Percentage</u>
Office of the Presidency	0.1	0.1	-
National Security Council	5.3	4.8	9.4
Armed Forces Staff	0.2	0.2	-
Planning Secretariat (excluding the BNDES [National Economic Development Banks])	10.8	9.7	10.1

Ministry of Air	165.5	149.0	9.7
Ministry of Agriculture	22.3	20.0	10.3
Ministry of Communications	57.8	43.4	25.0
Ministry of Education	38.2	34.4	10.0
Ministry of the Army	30.1	25.1	16.6
Ministry of Finance	43.0	29.5	31.5
Ministry of Industry and Commerce (excluding the BNDES)	38.4	36.4	0.5
Ministry of Interior	23.7	21.3	10.1
Ministry of Justice	0.1	0.1	-
Ministry of the Navy	150.4	105.4	29.9
Ministry of Mines and Energy	279.6	251.7	9.9
Ministry of Welfare	30.2	24.2	19.8
Ministry of Foreign Affairs	0.1	0.1	-
Ministry of Health	7.0	6.3	10.0
Ministry of Labor	0.3	0.3	-
Ministry of Transportation	124.2	96.1	22.6
Federal District Government	1.0	0.9	10.0
ACESITA Group	75.0	60.0	20.0
BNDES Group	253.6	153.6	39.4
ELETRONBRAS [Brazilian Electric Power Companies, Inc] Group	281.4	253.3	9.9
PETROBRAS [Brazilian Petroleum Corporation] Group	769.5	692.5	10.1
SIDERBRAS [Brazilian Iron and Steel Corporation] Group	1,260,000,000	1,000,000,000	20.6
CER	2.3	2.1	8.6
CERON	1.3	1.2	7.6
SIDERAMA [Amazon Iron and Steel Company]	8.9	8.0	10.1

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## 'DRAWBACK' OPERATIONS TO SPUR EXPORTS

Rio de Janeiro GAZETA MERCANTIL in Portuguese 6 Jul 82 p 3

[Article by Celso Pinto: "Government Could Facilitate Operations Via 'Drawback'"]

[Text] Greater freedom in "drawback" operations will be one of the suggestions for spurring Brazilian exports that will be examined at a meeting in Brasilia tomorrow by Secretary General of Finance Carlos Viacava, the director general of CACEX [Foreign Trade Department], Benedito Moreira, and economic advisers of the Planning Secretariat.

Each of these areas of government has been working for some time on alternatives to help exports. The objective of the meeting is precisely that of attempting to reach a consensus on the best ideas. One of these ideas is to make "drawback" operations less restricted. Thus, just as there are suggestions for the reduction of freight, there is the possibility of an extensive tax exemption for exporters or the elimination of the burden of FINSOCIAL [Social Investment Fund] on export activities.

One of the crucial problems on which exporters request actions according to a Planning Secretariat adviser, is financing those who import from us. Brazil increased its sales of manufactured goods to underdeveloped countries considerably in recent years, but several of them are facing a critical situation in their balance of payments this year. This shrinkage of the market has led these countries--including Brazil--to grant privileges to those from whom imports can be made with the best credit terms regardless of whether the price is the best or not. What was common practice in some sectors such as capital goods, tends to be generalized: The purchase of equipment, or even consumer goods, with the sale conditioned to the financing of imports and whenever possible, an additional financial credit. If the Bank of Brazil could extend financing to importers of Brazilian goods, it would automatically increase our competitiveness.

The reduction in sales to some of these countries is dramatic. CACEX figures indicate some examples. Exports to Argentina of \$120 million in the first quarter equalled 13.6 percent of last year's sales of \$880 million. In relative terms, there was a decline in the share of exports to Argentina from 3.7 to 2.4 percent. In the case of Mexico, exports declined from 2.7 percent of total foreign sales in 1981 to 1.8 percent this first quarter. Chile's share fell from 2.7 to 2 percent; Poland, from 2.2 to 1 percent; Uruguay, 1.6 to 0.8 percent and Bolivia, from 1.1 to 0.6 percent. Overall, Brazil probably did not earn something like \$400 million in the quarter with these countries alone.

However, as the adviser says, the difficulty in exporting is not always linked only to the lack of competitive prices. This makes it advisable to exercise caution in the examination of an acceleration of exchange devaluations as a possible solution. In some cases, argues the adviser, there could be only the attainment of an improvement in the price without there being any increase in sales. Regardless of what it may do, no one disagrees that the exchange policy will continue to receive pressure; what is being questioned is the advantage of a new shock treatment in the area with a maxidevaluation.

The truth is that exports showed a disappointing performance in this first half year but no one in the government will accept thinking about the hypothesis that there will not be a reasonable surplus in the trade balance at the end of the year. "That is vital," said the adviser, "the government will do what is necessary so that there will be a surplus in December."

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CSO: 3001/191

## BRAZIL CALLS IN ISRAELI ENVOY OVER PRISONER

PY161448 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Jul 82 p 7

[Text] Brasilia--Itamaraty [Brazilian Foreign Ministry] has called in Israeli Ambassador to Brasilia Sha'ul Ramati to reiterate the request for information on the situation of Brazilian citizen Mohamed Ali Bacha, who was taken prisoner by the Israeli troops in Lebanon. The ambassador was summoned by Marcos Azambuja, head of the Itamaraty Department for African, Asian, Oceanian and Middle East Affairs.

Azambuja told Ramati that the Foreign Ministry is very interested in learning the whereabouts of Bacha, in having access to any information about him and in visiting him, according to guarantees provided for by international law. The ambassador limited himself to listening and stated that he would forward the Brazilian request to the Israeli foreign minister in Jerusalem.

The Itamaraty official also reconfirmed that Ali Bacha is a Brazilian citizen who was born in the city of Assai, Parana State. The Israeli Government argues that the prisoner is not a Brazilian citizen but a Lebanese, and besides, that he cooperated with the PLO. In answer to that argument, the Brazilian Government stated that Brazil is trying to defend a Brazilian citizen regardless of his political connections.

The summoning of Ambassador Ramati to Itamaraty is a new move by Brazil to show the Israeli Government its dissatisfaction with the procrastination by the Begin government in giving an explanation to Brasilia. The first request was presented in Tel Aviv by Brazilian Ambassador Vasco Mariz. After several weeks later, however, Brazil had still not received any information about Ali Bacha.

The day before yesterday, Itamaraty spokesman Bernardo Pericas admitted that the Israeli Government was acting in bad faith: "There is an excessive delay in answering the request extended by the Brazilian Embassy."

CSO: 3001/195

## ECONOMY MINISTER DENIES MILITARY SPENDING PRESSURE

PY211500 Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Jun 82 p 7

[Text] Brasilia--During an exclusive interview granted to REPORTER ECONOMIC, a magazine published by the Brasilia Economy Journalist Association, Economy Minister Ernane Galveas said that "it is not possible to earmark more funds for arms purchases." He also denied that the military ministers are pressuring him to provide larger budgetary allotments for such purposes.

According to Galveas, Army, Navy and Air Minister Valter Pires, Maximiano da Fonseca and Delio Jardim de Mattos respectively, have shown "full understanding and they have not pressured the government for more funds for their sector." To the contrary, Galveas said, "they have tried to reduce their spending and therefore their budgetary needs."

Although he admitted that the military sector has the power to exert pressure, Galveas stressed that he believes the three ministers are "very conscientious, responsible and that they are quite aware of the country's economic situation." For this reason he is not concerned over this matter.

Galveas said: "The Brazilian Navy evidently has fewer ships than needed for its lengthy seacoast, but Brazil is a poor country. In addition, there are no reasons for our country to fear attacks against its territory for at least the next 10 years, and there are no conflicts in sight which may require an armed mobilization either."

In Galveas' opinion, Brazil's current military equipment is sufficient and balanced for meeting the requirements posed by the patrolling and defense of its territory. He contended that whenever a problem of that nature arises, "one stops and thinks what to do." He also recalled that historically and traditionally the Brazilian people have been peace-loving and have maintained good relations with their neighbors and with the other nations. He added: "Nobody should be upset by that small Argentine war."

The economy minister stressed that allotting resources to the social area, whose needs are more pressing, is more important than making investments in military equipment. He cited as an example the creation of the social investment fund, remarking that "the fund's resources will be in no way used for purposes other than those defined by the president" (food, housing, health, education and assistance to small farmers).

CSO: 3001/198

## BRAZILIAN COMPANY TO BUILD ANGOLAN HYDROELECTRIC PLANT

PY162030 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Jul 82 p 28

[Article from the Rio De Janeiro Agency]

[Excerpt] The Brazilian engineering company Norberto Odebrecht has won the bidding and will build the Kapanda Hydroelectric Plant in Angola for which the investments in the civil engineering area alone are estimated at \$450 million. This was reported in Rio de Janeiro yesterday by Pedro de Castro van Dunem, Angolan energy and petroleum minister, who looked upon that event as one of the most important results of his visit to Brazil.

Brazil will provide financing for the building of the Kapanda plant and part of the financing will be paid back with petroleum. This country will, therefore, receive around 8,000 barrels of oil per day for 4 or even 6 years, according to the agreements concluded between Cesar Cals, mines and energy minister, and his Angolan counterpart, Pedro van Dunem.

Cals further stated that Brazil will work with the Soviet Union on the project. The Angolan minister showed concern for a possible aggravation of the difficulties in the international oil market. At the contacts he had during his first visit to Brazil, where he has come to attend the meetings of the Joint Brazilian-Angolan Commission, Minister Castro van Dunem highlighted the signing of a protocol of intentions which will allow for better cooperation between the two countries in the training of technical personnel in various sectors, for example petroleum, among others. Yesterday the Angolan minister attended a meeting of the board of directors of Braspetro [Petrobras International Inc] to determine a larger participation by that subsidiary of the Brazilian Petroleum Corporation (Petrobras) in oil exploration in his country.

Braspetro continues operating in the risk area of block 2 along with the Angolan state company Sonangol, the Belgian company Petrofino and Texaco and is now in the initial stage of production; it should also participate with its associates in the exploration of block 4.

The arrangement being made with the Angolan minister is subject to approval by the Council of Ministers of that country. Braspetro will be given an area in Angola to drill for oil, but in an area where production is now going on, which means that it will be a block without any exploration risk, contrary to the other area where the Petrobras subsidiary is now prospecting.

## JANIO QUADROS ADDRESSES PTB CONVENTION

PY231228 Rio de Janeiro JORNAL DO BRASIL in Portuguese 18 Jul 82 p 18

[Speech by Janio Quadros, Brazilian Labor Party [PTB] candidate for Sao Paulo governor, delivered at party convention on 17 July]

[Excerpts] I greet all delegates with special feeling. Not only because of our party ties but, above all, because of the solidarity with and the courageous support for the principles upon which my candidacy for state governor is based.

When I say courage I am not indulging in rhetoric. I am referring specifically to the conquest of fear. Without this the fearless support for the philosophical principles I set forth in the open letter to the PTB wouldn't have existed. I am moved by the realization that I am not alone, that all my fellow party members stand ready to tell, in a loud voice, all the truth the people know all too well but were afraid to denounce out of the fearful recollections of violence in the past. Let all of us reiterate here and now, without missing a word, what is stated in the letter that I read in public.

There will be no more fear or silence. Only those who do not want to see will remain unaware of the truth. The PDS [Social Democratic Party] and the PMDB [Brazilian Democratic Mobilization Party], majority and minority partners in the system respectively, do not want to know about anything that could jeopardize the powers they expect to gather in this deceitful electoral harvest. The government pretends not to be aware of either the facts I am crying out or the people's claim I am interpreting. The shocking national reality will awaken the government from the fantasies it cultivates at the expense of the nation.

Reality is there, painful as an open wound. The country owes more than 25 percent of its GNP to foreign sources. All of us owe two-thirds of that amount because that is the debt incurred by government enterprises. Internal debts are such that all the taxes collected in 1 year would not be enough to pay for the correction on savings due to inflation and interest of even 1 year. The people will have to pay a debt which was incurred in their name and without their approval. The people will pay with sweat and tears for the money which was not used for their benefit. They will pay with work and suffering the waste incurred by those who were seeking prestige and by those who gained commissions on contracts.

The mistake has already been made. What was wasted can no longer be recovered. Only cooperation, only a great effort by everybody will permit, in time, making up for what was lost.

How shall we find solutions, if the gap between the nation and the government becomes increasingly wider? How shall we build the national economy if majorities disagree with the government? How shall we secure everybody's cooperation when the majority is suffering under a minority government? How shall we rule with laws which do not reflect either the behavior or the will of the people? How shall we recognize the people's verdict, if electoral rules are a purportedly distorting instrument? How can there be representativity in Congress if a Sao Paulo deputy represents more than 400,000 citizens while an Acre deputy represents less than 40,000? How can we consider that the president has been elected by the people if the representativity of the votes of the Electoral College changes for each state? What can we then expect from elections, if parties are ruled by artificial laws and the disputed posts have been deprived of their power to influence the life of the nation? How will industry operate without markets? How shall we support agriculture, without proper prices for agricultural products?

These are some of the doors which were closed on the way, shutting up the people in a blind alley. There are essential requirements which should be met for opening those doors. First, institutions should recover their legitimacy and represent the majority. They should regain the people's confidence based on uprightness and the exercise of power.

If in the coming years the government regains control over state-run enterprises; if these enterprises are restricted by a budget law freely voted by legitimate representatives of the people; if these enterprises are stripped of their capacity to impose taxes, which they usurped from Congress, by setting fees and prices monopolistically; if civilian society recovers its sovereignty over the state by resuming the power to vote the laws of the country through its deputies and senators elected in truly free elections; if the constitution becomes the legitimate expression of the popular will; if the executive branch loses the hegemony it arbitrarily usurped; if the mint and the Central Bank cease to be simple organs of the executive branch and gain the autonomy and independence as a fourth branch of the republic; if the political parties cease to be the bureaucratic caricatures which the artificial organic law of political parties made of them and become free and authentic instruments of political thinking; if the businessmen recover their lost courage and reassert their right to take initiatives; if the land of the country becomes the possession of those who work it, although as humble peasants, and it is no longer the object of real estate speculation; if the scrublands are irrigated to turn them into fertile soil; if organic fertilizers are used instead of artificial, obnoxious fertilizers made from the scant imported oil for the profit of the multinational companies; if the state goes back to take care of its main functions, feeding and educating abandoned children, providing security for the defenseless population, administering justice that is now in jeopardy; if the path indicated by these few examples is truly followed and if we persevere in it; if all this is translated from mere rhetoric into reality, the historians of Brazil will

then be able to say that Brazil had undergone an authentic revolution in our time, a revolution of which we were the promoters.

We want this revolution, right? We of the PTB do want it, and we call upon all patriots to carry it out.

We all want this revolution. The longings go even beyond this. We are aware of the fact that we can bring about this revolution with the united cooperation of everyone. We will with sacrifices, yes, but those implied by hard work not conflict among brothers.

But who can we trust? Today's power holders, who with deaf stubbornness insist in setting examples of abuse and corruption? Those who legitimize errors?

The road can only be made by the people. We exhort them to make it, with our words and example. Whoever does not want conflict, whoever does not wish a tragedy or bloodshed should not stand in the way, but rather help in the common undertaking and offer himself for the common good.

The humble people might not be considered as intellectuals but they were not berift of intelligence.

Let no one tell the people that I lack the authority to proclaim the norms which the PTB now subscribes to. These norms will be the sole topic of our campaign. This is great objective at the service of which I accept to be candidate for the governorship of this state. A candidacy that represents a new banner.

CSO: 3001/199



## SATELLITE PURCHASE, FINANCING PLANS OUTLINED

PY161737 Sao Paulo FOLHA DE SAO PAULO in Portuguese 1 Jul 82 p 25

[Article by Silvia Helena]

[Text] Rio De Janeiro--The National Space Studies Center (CNES) of France will supply technical support for the new rocket launching base that will be built in Alcantara, a city near Sao Luiz Do Maranhao. This information was issued by Frederic d'Allest, CNES general director, who believes that depending on the investments made by the Brazilian Government, the base will technically be operational within 3 years.

D'Allest is also president of the Arianespace Company which is responsible for the launching in 1985 of two satellites purchased by Brazil from the U.S.-Canadian consortium Spar-Hughes. Yesterday, after the signing ceremony of the contracts for the purchase of the satellites, D'Allest talked about the technical cooperation contract "signed 10 minutes before the contract for the purchase of the satellites" between the Brazilian Space Activities Commission (COBAE), the Brazilian National Space Research Institute and CNES.

According to D'Allest, the contract with the CNES for the transfer of technology does not provide for the "transfer of funds" by Brazil. It is basically an agreement for training Brazilian researchers in France with the objective of enabling Brazil to manufacture satellite launching rockets. This is why there is a need for a new base: Barreira do Inferno, in Rio Grande do Norte, is the most suitable place for a rocket probe base, but it is not suitable for launching satellites.

Yesterday, at the EMBRATEL [Brazilian Telecommunications Company] office, the Brazilian Government formalized the purchase of two satellites (one will operate as a reserve) and their respective launching in February and August 1985. The contract for the purchase of the satellites was signed with the Spar Company, a Canadian company that the American company Hughes has subcontracted for building the satellite. The satellite will be launched in Kourou, French Guyana, with an Ariane rocket developed by the CNES with resources from 10 European countries. The Arianespace Company, which will be in charge of launching the rocket, was established for the commercialization of the Ariane rocket by 50 European stockholders, among which are 13 banks, and is located in France.

The televised ceremony stressed the advantages of Brazil having its own satellite instead of renting the services of Intelsat. As of 1985, Intelsat will be used only for signals relayed from abroad.

The satellites, which will cost \$122 million, will be financed by Canadian banks and by the U.S. Eximbank. The launching, which will cost \$58 million, will be financed by French banks. In compensation for the purchases, both French and Canadian banks will offer additional credits to be used by the Brazilian Government for other purposes under advantageous terms, according to Communications Minister Haroldo Correa de Matos.

According to EMBRATEL Financial Director Evaldo Pinhero the financing conditions for the purchase of the two satellites are as follows: The EDC (Export Development Corporation), the Canadian Export Development Bank, participates with the United States in \$80 million to be reimbursed in 14 years with a 4-year grace period [Anos de Carencia]. From this total, \$68 million have a 9.5-percent fixed interest rate per year while the other \$12 million have an 11.5-percent interest rate per year. The Scotiabank, also from Canada, finances \$14.8 million to be reimbursed in 8 years with a 4-year grace period [Anos de Carencia] and an annual interest rate established 2 percent higher than that of the LIBOR [London Inter-Bank Offered Rate]; the Eximbank finances \$28 million to be reimbursed in 14 years with a 4-year grace period and a 12-percent interest rate per year.

There will be a \$150 million credit issued by the Canadian Royal Bank of Canada which will be paid in 8 years with a 4-year grace period and an annual interest rate established 2 percent higher than that of the LIBOR rate. According to the communications minister, this agreement also provides for Brazilian exports to Canada for a total of \$200 million. The additional credit offered by the Canadians will be used by Telebras [Brazilian Telecommunications Company] which will also be the recipient of the credit offered by the French.

According to the contract, the French financing is to be granted by the Credit Lyonnaise Banque de Paris et des Pays Bas (PARIBAS) which offer \$39.44 million to be paid in 10 years with a 4-year grace period and an 8.5-percent interest rate per year. Another \$18.5 million will be paid in 8 years with a 4-year grace period with an annual interest rate established 2 percent higher than that of the LIBOR rate. The complementary credit totals \$27.44 million with an annual rate of 2 percent higher than that of the LIBOR rate to be reimbursed in an 8-year period.

CSO: 3001/195

## UNICAMP DEVELOPING NIOBIUM TECHNOLOGY

Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Jun 82 p 14

[Text] Scientific and technological interest has been growing recently in niobium, a refractory and superconducting metal, of which 80 percent of the known world reserves are in Brazil. Scientists anticipate an increased demand in the near future, especially when employed as a structural metal and as an element in alloys used in the aerospace, chemical and atomic reactor industries and in the manufacture of superconducting fibers.

The main characteristics of niobium--the greatest reserves of which in the whole world are in the area of Araxa, in Minas Gerais--are the high melting point (2,468 degrees Centigrade), low neutron-capture section, good mechanical properties and high temperature for the superconducting transition.

The low temperature group of the Physics Institute of the State University of Campinas (UNICAMP) carried out pioneer work to obtain high-purity metallic niobium and to establish scientific research based on this material in Brazil. Physicist Oscar Ferreira de Lima, a professor in the institute, explains that "since 1970, this group has been carrying out various research activities of an academic and applied nature connected with the physical metallurgy and superconductivity of niobium, its alloys and compounds."

Later, the Secretariat of Industrial Technology of the Ministry of Industry and Commerce assumed the establishment of the pilot phase of the Niobium Project in Lorena (Sao Paulo).

At present, the UNICAMP low temperature group, by agreement with the Industrial Technology Foundation (FTI), is conducting a project coordinated by Prof Oscar Ferreira de Lima, the main objectives of which are the production, definition and critical analysis of superconducting fibers of niobium-titanium (NbTi) and Nb<sub>3</sub>Sn; calculation and construction of a superconducting coil for the magnetic separation of minerals; and the production of super-pure niobium through electrolysis.

#### Work Carried Out

The low temperature group of the UNICAMP Physics Institute, which has already directed more than 20 masters' and doctoral theses, has carried

out some important work, such as obtaining metallic niobium of high purity (99.9 percent) through the physical process of refining in an electron beam furnace.

In that furnace, a high-energy electron beam is generated which is focused on the material, heating it to the melting point. In the case of niobium, most of the impurities are evaporated because they have a much lower melting point. The pure liquid drips into a water-cooled crucible and then becomes solidified. The furnace chamber is constantly evacuated by powerful pumps. The complete cycle, from the raw material supplied by the mines (pyrochlore, technical niobium oxide) to obtaining the metal with a high degree of purity has already been completely mastered.

A second project also carried out at UNICAMP is the preparation of powder, fibers and sheets of niobium, products that are routinely used in the group's research and which can also be supplied to researchers of other laboratories in Brazil. There is also a study on the growth of various niobium monocystals for scientific research. The monocrystalline sample permits a simpler correlation and one more revealing of the properties of the material.

Other work conducted there is: obtaining ultrapure niobium, with a purity in excess of 99.999 percent through electrolysis; obtaining, on a laboratory scale, superconducting fibers of the alloy niobium-titanium (NbTi) and the compound Nb<sub>3</sub>Sn, by conventional methods already used in other research centers in the world; the development of a new method for the preparation of Nb<sub>3</sub>Sn fibers, using powder metallurgy. According to Professor Oscar Ferreira de Lima, a large laboratory in Japan (Eletrotechnical Laboratory) is also testing with great interest, that method developed in UNICAMP.

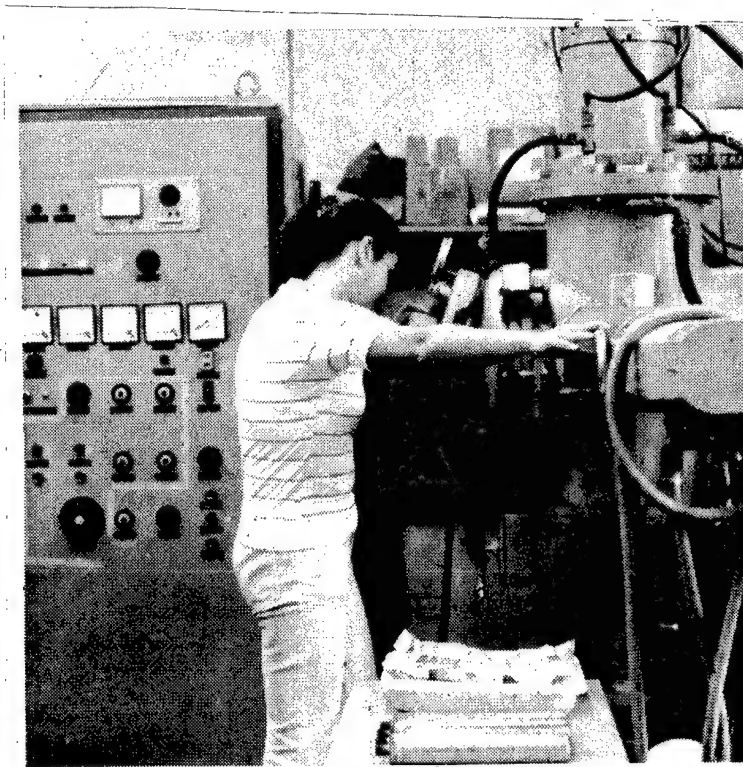
The niobium project, already dealt with in the Science and Technology section of the FOLHA DE SAO PAULO, was conceived by Prof Daltro Garcia Pinati of the UNICAMP Physics Institute in 1970 when he was asked to set up the institute in the recently created university. At that time, he established the low temperature group and began its research to obtain metallic niobium from the ore that is found in abundance in the Brazilian reserves.

Another significant milestone in that process was the installation of the 60-kilowatt electron beam. That equipment has been used since then for the purification of niobium, obtaining material of an international level in terms of quality and purity. Various basic research and applied interest activities were conducted at UNICAMP on the basis of the metallic niobium.

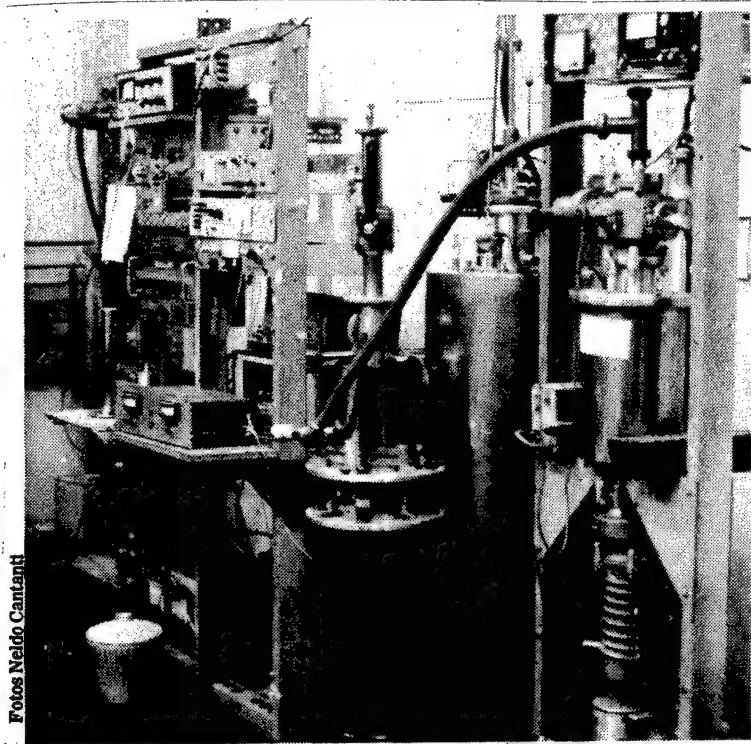
From 1977 on, the work began to be carried out on two fronts: in UNICAMP, supplying basic scientific support, and in Lorena, by the Industrial Technology Foundations, where the pilot phase of Project Niobium is being carried out, financed almost completely by the Secretariat of Industrial Technology of the Ministry of Industry and Commerce.

A 300-kilowatt electron beam furnace with a capacity to produce 40 tons of metallic niobium annually was purchased for the Lorena unit.

After 12 years of work, a period during which it concluded the laboratory scale and entered the pilot phase, Project Niobium has everything to achieve one of the goals of the men who conceived: to continue to raise the awareness of industry for the development of the project on a large scale. One of the important factors of all the work carried out is that the technology developed for niobium can also be applied to other special metals, among them tantalum, titanium, tungsten and cobalt.



The UNICAMP low temperature laboratory



The equipment consists of a system of superconductor measuring instruments

8711  
CSO: 3001/176

## BRIEFS

ROCKET LAUNCHING TEST--The testing period of the SONDA-3 rocket was completed yesterday with the launching of the 13th rocket at Barreira do Inferno, Natal. The SONDA-3 will be used in the BIME project--Brazil Ionospheric Modifications Experiment--to be undertaken jointly by the U.S. Air Force Geophysical Laboratory and the FRG Max Planck Institute from 4-18 September. The BIME project will study the deviation of the earth's magnetic lines. The SONDA-3 launched yesterday reached a height of 502 km, and altitude within the projections of technicians from the Space Activities Institute of Sao Jose dos Campos. The flight lasted 12 minutes and the rocket fell 49 km east of the launching place. Col Sidney Obino Azambuja, director of the Rocket Launching Center of Barreira do Inferno, referred to the flight as "excellent." During its flight, the SONDA-3 sent information on the internal pressure of the combustion chambers of the two rocket stages, on transverse accelerations, on the temperature at different places of the useful load and on the performance of the remote control system. The rocket is 9.2 meters long and weighs 1,596 kg, of which 79 kg are the useful load. Unlike the previous 12 tests, the rocket launched yesterday did not carry the remote destruction and stage separation system. Therefore, it was not possible to recover the useful load. [Text] [PY161612 Sao Paulo O ESTADO DE SAO PAULO in Portuguese in Jul 82 p 10]

EXOCET PURCHASE DENIED--Rio--The 51st anniversary of the national air-mail was commemorated yesterday at the Campo dos Afonsos Air Base with the presence of Air Minister Brigadier Delio Jardim de Matos, who declared in his order of the day: "We need an air force 10 times stronger; but it is a mistake to believe that we will be stronger by buying more and depending more." In an interview, the brigadier declared that "it never entered our mind to buy a French Exocet missile," adding: "The objective of Brazil is to build missiles of that type." He thus refuted the report of the vice president of the French Aeronautics and Space Industry Group, General Pierre Soufflet, who stated in Sao Paulo last week that Brazil had purchased 20 Exocet missiles, of the type currently used by Argentina in the Malvinas war. "We are not concerned about purchasing but in building that type of weapon," reiterated Delio Jardim de Matos. [Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Jun 82 p 6] 8711

WHEAT AGREEMENT WITH CANADA--Canada and Brazil have signed a new 3-year trade agreement calling for Brazil to buy up to 1.5 million metric tons of Canadian wheat annually between 1983 and 1985. Government officials say the total value of the sale could reach \$900 million if the maximum purchase is made. The new agreement extends the previous deal which expires this year. The two countries also signed five export financing agreements valued at \$160 million to support the sale of Canadian goods to Brazil. The signing ceremony today in Ottawa highlighted the visit to the nation's capital of President Joao Baptista Figueiredo. [Text] [LD202104 Montreal International Service in English 1900 GMT 20 Jul 82]

CSO: 3020/152



## HAIG TENURE, RESIGNATION ANALYZED

Bogota EL SIGLO in Spanish 27 Jun 82 p 5

[Editorial: "The Fall of Mr Haig"]

[Text] Alexander Haig's tenure was characterized, from the beginning, by an excessive pugnacity which even came to be attributed, in the first few months of the Reagan administration, to an incipient emotional upset in the former general. His daily conflicts with his colleagues and especially with the vice president of the United States and with Ambassador Kirkpatrick made it very difficult to establish an effective foreign policy, since any position adopted by that great power, especially on controversial matters, immediately became the object of a sterile internal debate which undermined its objectives. This happened on more than one occasion with U.S. policy toward China and Taiwan, the Middle East conflicts, the treatment of the European disarmament policy and, more recently, the Malvinas conflict, when the internal disagreements in the administration became sharper and more publicized.

For those of us who share with the former secretary of state his cultural and intellectual position regarding the importance of the Western world and the need to protect Christian civilization and resist the advance of communism, Mr Haig's resignation from the U.S. State Department is an unfortunate event. But it is understandable from the political point of view. In the final analysis, his energetic "Western" posture can be continued by the outstanding personalities in the present conservative American administration, while it is to be hoped that Mr Schultz, his successor, will be able to supply the element of cohesion which was lacking in the initial foreign policy design.

For Latin Americans, the resignation of Mr Haig is an almost personal gesture of good will from President Reagan toward his brothers in this hemisphere. General Haig's treatment of the Malvinas crisis was praiseworthy from the European point of view, but reproachable from the American point of view, because England did not need American military support to carry out its successful invasion of the Malvinas, while the United States needed all the cohesion possible, within the democracies of the hemisphere, to be able to further an anti-communist policy in Central America. If from the beginning President Reagan's prudent view that this was a war between two friends--England and Argentina--had prevailed, it is conceivable that the options for diplomatic settlement would have remained open longer, and surely Latin America would be solidly behind a hemispheric policy in the Caribbean and Central America.

Evidently Mr Haig allowed himself to be caught up in the rhetoric of the English and--given his better knowledge of the European political scene--jumped precipitously to that side, compromising his country's policy with a direct intervention in a conflict in which the biggest loser proved to be the United States. The incident was a great gaffe in President Reagan's foreign policy, and he acted well and courageously in replacing the secretary and trying to reconstruct his policy on new bases which will be reliable.

The disagreement in the Western Alliance over the Malvinas war could not be allowed to continue without seriously endangering the stability of our freedoms. The American position in that war not only ruptured American solidarity and the effectiveness of our international institutions, but it left strong traces of disagreement among the Europeans themselves and gave an unexpected lift to the organization of Third World countries, which formerly lacked a source of legitimacy.

The Colombian position was just as antagonistic toward the American nations as that of Mr Haig. It is up to our country, then, to begin to heal the deep wounds caused by an inadequate diplomacy and to recover, under the new administration, Colombia's preeminence in hemispheric affairs, to which we have a right by virtue of our democratic institutions and our long civilian tradition.

8735

CSO: 3010/1879

BRIEFS

M-19 SUSPECTED IN ROBBERY--The offices of the Texaco Distributing Plant near Eldorado Airport were attacked last Wednesday night, presumably by members of M-19 [19 April Movement], and the equivalent of 2 million pesos in dollars was taken. Prior to the attack, the criminals, disguised as DAS [Administrative Department of Security] agents, went to the home of Neftali Ricardo Franco, manager of the Texaco plant, in the Ricaurte district, and under the pretext of searching for narcotics and weapons forced him to get into a camper, in which they took him to his office. The men told the watchman they belonged to M-19, broke a window in the offices and forced Ricardo Franco to give them all the money that was in the safe. Then they fled, telling their victims to remain inside the building for several minutes or they would be killed. [Excerpt] [Bogota EL TIEMPO in Spanish 2 Jul 82 p 3-B] 8735

CSO: 3010/1879

## MINISTER LOPEZ DISCUSSES ECONOMIC SITUATION

San Jose LA NACION in Spanish 5 Jul 82 p 6A

[Text] This year only agricultural production is expected to grow, although not at last year's rate, amid a severe reduction of income in the other productive sectors.

Minister of Economics Marco A. Lopez estimated that industry will experience a 5.2 percent drop in production, construction 45 percent, commerce 17 percent and the other sectors 1.9 percent.

According to his estimates, in 1982 only agricultural production will grow, at a rate of 1.1 percent. Last year it grew by 2.3 percent.

If this is true, the Gross Domestic Product (the total of goods and services produced) will decline by 6.3 percent. (In 1981 it dropped by 3.6 percent.)

## Situation

Government estimates reveal that the decline in the Gross Domestic Product (GDP) will be even more severe this year than last year, when industry suffered a 1.1 percent fall in production, construction only 21.5 percent, and commerce 16.3 percent.

The official cited as causes of inflation the increase in public spending and the growth of the money supply, among many other factors.

He indicated that the effects of the mistaken economic policies adopted in the past forced the Consumer Price Indices up from 113 percent (1978) to 344 percent (1982).

This represents an average annual growth rate of 32 percent. In 1982 these indices rose by 65 percent, and in 1982 they are expected to climb to 70 percent, according to government estimates.

In addition, in 1978 the GDP was 9.125 billion colons at 1966 prices, while in 1982 (at constant prices) the GDP will drop to 8.709 billion colons. This represents an average annual decrease of 1.1 percent (in 1981 alone it dropped 3.6 percent).

## Prices

Lopez warned that prices will continue their upward movement, until the government stops printing more money to finance public spending.

"Ceasing to print money means restoring confidence in the colon, restoring its value and preventing it from losing any more," he said.

He recalled that the devaluation of the currency reached 500 percent, and that prices have not yet adjusted to that amount.

The minister also commented on the problems of price controls and hoarding, and stated that "demagogic control, during an inflationary period, is very difficult; it could lead to the opposite results of what is sought."

The minister explained that clearly profit margins must be regulated and prices for indispensable goods and staples must be fixed, but he noted that "maintaining repressive price controls could be counterproductive."

"When the price of an article is controlled repressively, the factors of production that are involved in that product will be channeled toward the manufacture of other goods that are not controlled and are less indispensable. This leads to shortages, hoarding and speculation," stated the official.

He added that the government is aware that the upper-income classes can look out for themselves, and that low-income people cannot hoard because "they can barely buy what they need each day."

He warned, however, that if bad policy and production disincentives lead to any shortage and the consequent hoarding, the lower classes will suffer.

"There is no doubt that the state must combat and strongly punish any kind of abuse against the consumer, but all within certain rational limits, so that not only is the consumer protected, but also the producer," he said in conclusion.

8926

CSO: 3010/1941

## CENTRAL BANK PRESIDENT ON AGREEMENT WITH IMF

San Jose LA REPUBLICA in Spanish 7 Jul 82 p 2

[Text] The unification of the exchange rate and the elimination of the official market, or reducing it to a mere legal expression, are some features of the understanding reached with the International Monetary Fund (IMF) in talks that have been held almost daily in order to sign a contingency pact by mid-September.

The conversations have been aimed at consolidating a base of information that will be used to formulate the economic policy measures to be applied over a 1½-year period. A second IMF mission will come to the country next week, and with it we will negotiate the package of measures that will be incorporated into the letter of intention with the Fund. It is hoped that the letter will be analyzed in Washington, and later delivered to the Board of Directors of that organization. The board would have 4 weeks to approve it.

The president of the Central Bank, Dr Carlos Manuel Castillo, stated that "we have a basic understanding with the IMF that we would operate with the exchange market system we have at present. According to the understanding, we would reduce the official market of 20 to 1 to a legal rather than economic expression. Secondly, we would maintain a reasonable ratio between the free exchange rate and the inter-bank exchange rate. In this regard, the goal is to affirm the idea that during the course of the agreement with the IMF, large gaps will not be allowed to open between the two; the two rates will go hand in hand.

In another area, the IMF expects the production growth rate to decline by 4.6 percent. "We expect the reverse, however," said Castillo. "We believe that growth will fall by 6.4 percent." Later he added that given the current levels of the economy, the IMF estimates that production will climb by 1.8 percent, a lower rate than that yielded in 1980. Again, he noted that the IMF position seems optimistic. "We at least hope to put a floor under the economic contraction," he emphasized.

8926

CSO: 3010/1941

## MINISTER ANNOUNCES \$66.5 MILLION VENEZUELAN LOAN

San Jose LA NACION in Spanish 9 Jul 82 p 2A

[Text] Venezuela will grant our country loans totaling \$66.5 million for the development of programs for highways and roads, housing and hydroelectric power, announced Minister of the Presidency Fernando Berrocal Soto yesterday.

The official visited that country early this week, accompanied by Minister of Public Works and Transportation Rolando Araya Monge; Executive President of the National Institute of Housing and City Planning (INVU) Clara Zomer; and the manager of hydroelectric development of the Costa Rican Electricity Institute (ICE), Carlos Corrales.

Berrocal explained that of the \$66.5 million, \$56.5 million will be earmarked for the development of specific projects, while the remaining \$10 million will be devoted to the payment of interest on loans granted by Venezuela to pay our oil bill.

The credits will be made under the oil pact the two nations have signed. The interest rate will be 2 percent a year, and the term will be 20 years. Barrocal considered these terms beneficial.

One of the loans has already been signed; it totals \$6.5 million, and will be used to improve highways. A total of \$28 million will be devoted to that item, however.

A program for the construction of 1,000 low-income housing units will receive a loan of \$6.5 million also.

On the other hand, two hydroelectric projects will receive \$22.5 million. One of them, the Birris project promoted by the Administrative Board of the Cartago Electric Service (JASEC), will be given \$7.5 million; the other, Ventanas-La Garita, will receive \$15 million.

## Highways

Minister Araya Monge explained what use will be made of the \$28 million earmarked for the program of improving and building highways and roads into rural areas.

He stated that the \$6.5 million loan already signed will be used for a program that includes the construction of highways in the seven provinces. Among them, he mentioned the highways between Paso Real and San Vito; Paso Canoas and La Cuesta; and San Isidro de El General and Rivas.

Furthermore, he added that \$3.5 million has been set aside for the Guapiles-San Jose highway. He also gave details about the remaining \$18 million. One-third of it will go to the Rio Sucio-Puerto Viejo project, as well as part of the so-called northern route of the country.

Another third of the funds will be used for projects that have been abandoned for 2 years, such as the Inter-American-Upala Highway; San Isidro de Penas Blancas-San Ramon, and others.

Finally, the remaining \$6 million will pay for the reconstruction of 1,000 kilometers of highways and roads into the interior.

#### Banks

Berrocal reported that he was able to meet with directors of two Venezuelan banks. One of them, at the Banco de los Trabajadores, promised to send a special mission to study the possibilities of financing projects in our country.

It is hoped that this bank will finance the construction of prefabricated cement houses for export to Venezuela.

The minister also talked with representatives of the Banco Industrial de Venezuela, which is considering the possibility of sending a special mission to look into the idea of establishing a branch here for the purpose of financing Costa Rican exports to Venezuela and the Caribbean.

Finally, he reported that he had met with the president of that nation, Luis Herrera Campins, to whom he expressed appreciation for his cooperation with Costa Rica.

He indicated that Herrera had sent an invitation to the president of the republic, Luis Alberto Monge, to visit that country at his convenience.

8926

CSO: 3010/1941



## ENVOY TO NICARAGUA EXPLAINS PURPOSE OF CDC

PA170007 Managua Radio Sandino Network in Spanish 1200 GMT 16 Jul 82

[Text] The Costa Rican Government does not oppose Nicaragua's entry into the Central American Democratic Community [CDC], Jesus Fernandez Morales, the new Costa Rican ambassador to Nicaragua, said yesterday after presenting his credentials. He said that his government joined the community to promote harmony and to consolidate peace in Central America, as long as this is achieved solely through political means.

Fernandez Morales said that Costa Rica is not a member of the CDC for the purpose of isolating Nicaragua and announced that in the next few days, other countries, from neither Central America nor the Caribbean [as heard], will join the organization, which now comprises El Salvador, Honduras and Costa Rica.

Here we have an interview given yesterday by the Costa Rican ambassador:

[Begin recording] [Question] What position would Costa Rica take if the CDC were to be used as spearhead in isolating Nicaragua?

[Answer] The CDC is not trying to isolate Nicaragua, as far as I know. That is not the community's intention. At least, this is how the Costa Rican Government interprets it.

[Question] You said that Costa Rica participates in this community, above all else, to foster the political unity of Central America. Why doesn't Costa Rica propose that Nicaragua join the community?

[Answer] Other countries of the area will be invited to participate; not just Central American countries, but Caribbean nations as well.

[Question] If other countries will be invited, will Costa Rica agree to the imposition of conditions on their participation in the community?

[Answer] In order to accept new members? Well, this has been true in the specific case of Guatemala's participation in the community. At the last meeting Guatemala asked to become part of the community, a request that has not yet been approved. A series of conditions were imposed concerning democratization in the country. The Guatemalan Government was asked to improve political conditions there; if this occurs, Costa Rica will approve its membership. [End recording]

CSO: 3010/1990

## BRIEFS

LOAN FROM VENEZUELA--A spokesman for the Public Security Ministry has reported that the public security minister obtained a much-needed loan from the Venezuelan Government: \$5.6 million to be used for the acquisition of more patrol cars, uniforms and supplies. This equipment will be sent to the capitals of the country's provinces, where the scarcity of funds prevents normal activity by the public forces. [PA140229 San Jose Radio Reloj in Spanish 0100 GMT 13 Jul 82 PA]

CSO: 3010/1944

## CARIBBEAN DEVELOPMENTS SINCE GRENADA COUP NOTED

Havana PRISMA LATINOAMERICANO in Spanish Jun 82 pp 34-39

[A chapter from the book "Granada: La Nueva Joya del Caribe" [Grenada: the New Jewel of the Caribbean], by Jorge Luna]

[Text] On the small Caribbean island of Grenada (population 110,000) one of the most interesting revolutionary processes in this hemisphere is taking place. It is also, however, surely the least well known of all.

The book "Granada: La Nueva Joya del Caribe" (Social Sciences Publishers, Havana, Cuba; 234 pages and 51 illustrations), by the Peruvian journalist Jorge Luna, tries to breach the wall of silence erected around the island.

Its 24 chapters relate the rapid consolidation of the process begun slightly over 3 years ago by the dynamic New Jewel Movement (NJM), headed by Prime Minister Maurice Bishop.

It skillfully and engagingly covers historical, political, economic, and cultural aspects of the young Grenadan Revolution, which is developing the solid structure of a people's government while advancing in both defense and in production. Moreover, the book discusses Grenada's independent, progressive, nonaligned foreign policy, working from interviews with top leaders.

After the overthrow of Eric Gairy's repressive regime on 13 March 1979, Grenada quickly began to win itself a place on the international political map, at the same time becoming, along with Cuba and Nicaragua, a new victim of threats and attacks from Washington.

Below, PRISMA LATINOAMERICANA offers one of the main chapters in the book by this PRENSA LATINA reporter, devoted to the political context of the Caribbean region and the impact on it of the Grenadan Revolution.

### The "Backyard"

Like all authentic revolutions, the Grenadan one was very timely. A minute earlier or later on that dawn of 13 March 1979 could have meant frustration of years of hoping and struggling by the people.

The triumph and consolidation of the Second Free Territory in America arose amid major international events, in a new historic moment for this hemisphere. In turn, the original Grenadan phenomenon had--within that framework of interrelated social processes--major repercussions, especially in the turbulent Central American and Caribbean region.

In the first place, the Grenadan revolutionaries surprised the U.S. Government. Aside from some obscure specialist in the Department of State or the Central Intelligence Agency (CIA), the Carter administration simply was not informed about, or in a position to deal effectively or quickly with, the 13 March event. It was after later activity by Gairy in the United States and urgent messages from U.S. Ambassador Frank Ortiz as well as Bishop's own statements that events in Grenada began to spark interest at the highest levels in Washington.

Following surprise, delay. The United States hesitated. And only 3 weeks later it decided that it did not like the Grenadan Revolution. At the end of a month, when Grenada and Cuba established diplomatic relations, in Washington the most reactionary viewpoints prevailed, producing a policy of hostility. Those 30 days gave the Grenadan Revolution the oxygen needed to gird itself for the coming offensive.

Ambassador Ortiz, who had already bid farewell to Gairy's ministers and the diplomatic corps, marking the end of his assignment in Grenada, was ordered to return immediately to Saint George's. The envoy had talked to Gairy in Barbados on that very 13 March.

The Pentagon submitted a plan for a naval blockade of the small Caribbean island, while U.S. officials went to the other countries in the Caribbean Community (CARICOM) with a dual mission: first, to find out what really was going on in Grenada, and, second, to try to obtain diplomatic isolation of the island.

The Carter administration, arguing with itself, especially in regard to foreign policy, held back the "carrot" and drew forth the "stick," which it actually had never been able to hide very well.

Grenada achieved "priority" status in offices in Langley, Virginia, and Washington, D.C., and the entire Caribbean region became the subject of a "re-evaluation." They had to study the repercussions of events in Grenada in the Caribbean that had been considered their own for centuries. It was plain that the "mare nostrum" had been somewhat neglected in recent years, perhaps owing to the belief that nothing would change. As usual, they were underestimating the people's courage and audacity.

Eisenhower, Kennedy, Johnson, Nixon, Ford, Carter, and then Reagan lost many nights' sleep because of the victorious Cuban Revolution, worried about so-called "national security" on their "fifth border," in their "interior lake" or, better yet, their "backyard." The Caribbean region provides ample grounds for permanent insomnia in all future U.S. presidents. Some general facts show the importance to the United States of this region, where it fears losing its hegemony:

--The area is the world's leading producer of the strategic mineral bauxite. Jamaica, Guyana, Surinam, and the Dominican Republic are responsible for 37 percent of world production. Moreover, they satisfy approximately 80 percent of U.S. aluminum (derived from bauxite) needs.

--In 1975, the United States, Canada, Japan, and the countries of the European Economic Community (EEC) invested, according to ECLA figures, nearly \$10 billion in the region, aside from some \$8 billion in Puerto Rico. The United States accounted for 90 percent of the total of \$18 billion.

--If we consider its small population and land area, the Caribbean has been the object of the greatest multinational investment of any region in the hemisphere.

--Over 100 million tons of North American goods pass through the waters of the Caribbean each year.

--There are many powerful banking institutions from industrialized capitalist countries in the Caribbean region.

--Because of all this, the United States takes care to protect what it considers its political, economic, and strategic interests in the Caribbean. It is no accident, then, that all the U.S. military bases in Latin America are located in the Caribbean region.

Within that context, the Antillean political situation, intimately linked with world capitalism's economic crisis, especially during the past decade, was characterized by the emergence of two nationalist governments with progressive foreign policies: in the extreme north of the Caribbean archipelago, Jamaica, under the people's government of Michael Manley, and, at the extreme southern end of the region, actually in South America, Guyana, under the leadership of Forbes Burnham.

At the beginning of the 1970's, these two processes gradually moved toward positions of conflict with Washington, provoking hostile reactions from the Ford and Nixon administrations. From that historic moment on, the Caribbean was becoming a region of considerable tension. Washington hurled threats and exerted pressure against Kingston and Georgetown. Its chief complaint: their rapprochement with Cuba.

In 1973, the governments of Jamaica, Guyana, Barbados, and Trinidad-Tobago--the "big four" of CARICOM--collectively established diplomatic relations with Cuba. In 1975, Burnham, Manley, and Eric Williams visited Havana, where they entered into bilateral agreements for cooperation. Cuban embassies were opened in Guyana and Jamaica.

These English-speaking Caribbean countries were participating increasingly actively in international groups, such as the Movement of Nonaligned Countries. Within this framework, Jamaica and Guyana adopted anti-imperialist positions, while domestically they attempted to recover their natural resources. The rest of the Caribbean watched these processes with great interest.

For those advocating the "hard line" in the United States, this meant that U.S. hegemony was in danger. There was an urgent need to reestablish their control over the region.

That, however, was not the only concern of the Caribbean countries. With the worsening of the crisis of world capitalism, the energy crisis, the increase in petroleum prices, and worldwide inflation and recession, these territories felt overwhelmed. By importing such phenomena, they increased their dependence and

underdevelopment. The most immediate results; a prodigious outflow of a large amount of financial resources (foreign exchange), as well as a decline in prices of their chief exports and depression of their markets.

In 1973, the price of sugar, Guyana's second-leading source of income and Jamaica's third, fell from 30 cents a pound to 7, far below production costs (13 cents). In 1974, production of bauxite in both Guyana and Jamaica fell sharply for various reasons. Tourism, a vital source of income in Jamaica, also experienced a damaging decline. These problems had a generally disruptive effect on the overall economy.

Because of its petrodollars, Trinidad-Tobago emerged from this economic crisis as an extremely important country within the Caribbean context. However, the crisis exposed the weakness of the processes in Jamaica and Guyana, which, despite specific differences, were aiming toward a people's program of "democratic socialism" and "cooperative socialism." The Achilles' heel of those processes was the economy, its dependence on the multinationals, and world capitalism in general.

From the "Stick" to the "Carrot"

It was at this time of great uneasiness for the people of the Caribbean that the smiling President Jimmy Carter entered the White House, in 1976. There were expectations and, apparently, a promise of respectful dealings with the Antilles. However, behind the smile, the Carter administration had decided to embrace an analysis of the situation in the region prepared shortly earlier by a special team headed by Phillip Habib. Also on the team was Sally Shelton, who subsequently would become ambassador to eight Caribbean countries. The transit through the Caribbean by the young, unmarried, attractive North American diplomat would reflect the pendular movement of Carter's policy between the "stick" and the "carrot."

That State Department report on the Caribbean problem served the new Democratic administration as a basis for its first steps in the region, which demanded much more than smiles and promises. The main conclusions, which then were implemented as official U.S. policy, stressed the belief that the progressive processes in the Caribbean could be "moderated" by Washington through economic pressure. Carter paraded the high-sounding principles of respect for ideological pluralism, for independence of governments, of forgoing meddling and interference, and, of course, of respect for human rights.

The "carrot" arrived in the Caribbean in early 1977, when Rosalyn Carter herself visited Jamaica as the advance unit of a U.S. diplomatic and political offensive in the "backyard." The U.S. visits continued with the popular ambassador Andrew Young and top State Department officials Terrence Todman and Phillip Habib, and culminated in the presence of the secretary of state himself, Cyrus Vance, who visited Trinidad and then Grenada for an OAS meeting.

However, it was necessary to also create a new economic mechanism through what was called the Group for Development and Economic Cooperation in the Caribbean, established in Miami. It was primarily intended to raise expectations in these countries, which needed massive economic aid and whose balances of payments were in disequilibrium.

Initially there was talk of several billion dollars that would be "contributed" through the World Bank, the International Monetary Fund (IMF), and the Caribbean Development Bank. Carter preferred this mechanism, which made it possible to channel all the aid from the capitalist world through a single conduit controlled by the United States. In reality, Carter's economists set multilateral aid over against the old formula of bilateral negotiation, pressure, and blackmail, revived today by Reagan.

The multilateral variant had unquestionable economic advantages for Carter, but it also enabled him to maintain a certain distance from the negotiations, enough that the pressure would be applied by the international financial bodies and not directly by Washington.

There were Caribbean observers who termed this project an "Alliance for Progress for the Caribbean." To Latin America, the ploy was not new, but in this region it constituted the first incursion by the IMF and the World Bank.

Also created, again in Miami, were the so-called Conferences for Development and Trade, designed to promote trade and U.S. investment in the region. The scheme made possible the use of the infrastructure created by the financial resources of the entire capitalist world so that North American firms would then invest in and take advantage of that structure.

All this failed utterly, however. First, because the financial contribution from the United States was completely inadequate. Second, because the millions of dollars promised never materialized. During the group's first years (1977-1980) only some \$150 million was allocated.

Nonetheless, the prime objective was to enable the United States to operate politically and diplomatically in the Caribbean with a more favorable image. Economic pressure determined the attitude of the Caribbean governments, obliging them to "adapt to circumstances." In fact, without entirely abandoning their firm international positions, Jamaica and Guyana were adapting to the hook of the IMF and the World Bank. The Jamaican affair ended up with destabilization and Manley's electoral defeat.

The Carter administration was pleased with its apparent successes. The runaway situation had been halted, its strategists thought. Now U.S. hegemony would again be imposed on the region.

#### Neutralized Maneuvers

It was at this precise moment when the Grenadan Revolution took the world by surprise, abruptly awaking thousands of Caribbean people to the need to fight for liberation.

Immediately after Grenada's 13 March, Patrick John's dictatorial regime in Dominica was overthrown by a broad mass movement. Moreover, in St. Lucia, the Labor Party received more votes than a right-wing regime that had governed the island for over 15 years. A small distance to the west, but still within the Caribbean,

the MAN-MEP [New Antillean Movement-People's Electoral Movement] coalition, which was popular in nature, won the election in the Netherlands Antilles. Then, in July, there was the Sandinist victory in Nicaragua.

Four months after the Grenadan victory, the prime ministers of Saint Lucia and Dominica met with Bishop to sign what would be known as the Declaration of Saint George's. The historic communique from the three Caribbean governments, signed in Grenada, served as an important model for what would be, from that moment on, the Caribbean's political stance.

All this would culminate, in September 1979, in the staging in Havana of the Sixth Summit Meeting of the Movement of Nonaligned Countries, a body that many young nations in the region would join.

The fact was that to the Carter administration, the revolutions in Grenada and Nicaragua constituted proof of the failure of its plan to neutralize the progressive movement in the region. As a result, Carter withheld the "carrot" and again brought out his "stick." He focused his attack on Cuba and, specifically, on the nonaligned summit. He tried to mobilize the world's most reactionary forces to prevent the success of the conference, even to prevent its simply taking place. There were efforts to divide the movement. Maurice Bishop received explicit warnings not to attend the meeting in Havana.

Finally, the false "Caribbean mini-crisis" was provoked, under the pretext of the presence of "Soviet military personnel in Cuba." The U.S. Government "responded" with the creation of the Rapid Intervention Force in Florida, thus resuming a period truly marked by a policy of aggression and destabilization directed against the countries in the region, and of great hostility toward Cuba, Nicaragua, and Grenada.

In October 1979, speaking of the military measures recently announced by Carter because of the "mini-crisis," the Grenadan Ministry of External Relations said that they constituted an "increased threat to peace and stability in the Caribbean and Latin America." Moreover, it stated that the United States "is attempting to intimidate and threaten the Caribbean people with its military power to combat progress," employing "gunboat diplomacy, blockades, and other cold war measures." The United States, the communique stressed, should understand that the Caribbean belongs to the people of the Caribbean and not to the U.S. Government.

While the Grenadan Revolution was still a few weeks old, some North American diplomats moved, slowly at first, but then they began taking desperate steps: They tried to convince the CARICOM governments of the need to not recognize the New Jewel regime. It was essential to isolate the new process by all means, to smother it. However, meeting in Barbados, the Caribbean foreign ministers--largely led by Guyana and Jamaica--agreed to hold high the principle of nonintervention by foreign forces in Grenada. Washington's maneuver was thus neutralized and, little by little, the countries in the region were officially recognizing Bishop's new regime.

In the wake of this latest defeat, Washington had to fall back for the time being to assess the outcome of the battle and propose other variants. Grenada, in turn, which was not sleeping either, tried to insure its security and international recognition.



In Washington, surprise was followed by great confusion. The disagreements within the Carter administration again sprang forth. Carter's advisers began to speak of militarism in the Caribbean and of creating a "Regional Security Force" in Barbados, opposite Grenada. The discussion were typical of the Vance-Brzezinski duel. Finally, Carter gave ground to the most right-wing, anticommunist elements: They would have to apply an unwritten law of all U.S. administrations: "U.S. hegemony has historically been recovered only by means of arms."

In the international context, in fact, the Democratic government's most realistic positions were pointed to as defeats: Kampuchea, Iran, Afghanistan, and the revolutions in Angola and Ethiopia; all this had taken place within a relatively brief period. And now one of the smallest islands in the world was also rising up right under Uncle Sam's nose.

The Grenadan Revolution was followed by the one in Nicaragua, and the two, indissolubly united, placed Carter's plans for the region in a terminal crisis.

After Grenada and Nicaragua, as after the Cuban Revolution, the Central American and Caribbean region would never be the same as before. The volcanic lands of the Caribbean Sea seemed to want to explode all at once.

In February 1980, a group of noncommissioned officers in the Suriname Army overthrew Henck Arron's pro-Netherlands regime and initiated an original nationalist process, which Carter called "another setback (along with the one in Grenada) for democracy." Would Reagan be able to tolerate it?

This long period of hostility during the Carter administration's last gasps lay the groundwork, without having been intended to, for Reagan's victory in late 1980. The new president entered Washington as if in one of his Hollywood cowboy roles. He sought to capitalize on the feeling of national frustration indicated by the polls. To the Caribbean, Reagan brandished the stick to which Carter had resorted in the end, with both hands.

Just as Carter never recognized that the people of Central America and the Caribbean were creating authentic processes with their own internal dynamics, Reagan, too, had no other explanation for the popular upsurge in the region than "agitation by communist subversives."

The first foreign visitor Reagan received in the Oval Office was none other than Edward Seaga, prime minister of Jamaica, who had just defeated Manley with ballots and bullets. His victory was represented as a triumph of democracy over communism. This brotherly meeting would denote the high degree of importance the new administration would bestow on the region.

#### Outdated Policy

Reagan's stick replaced Carter's. In Grenada, his administration used tactics ranging from support of local rightist elements who were seeking to destabilize the government to pressure on its Caribbean allies to prevent Grenada from receiving credits from the European Economic Community. It maneuvered to have the Caribbean Development Bank exclude Grenada. It incited the Caribbean countries to play an active role in destabilization of the Grenadan process. It has employed every political and economic measure, and even military threats, against the small island.

It is even known that in the United States there are camps for the training of mercenaries prepared to attack Grenada, Cuba, and Nicaragua. All the subversive tricks in the extensive North American arsenal were tried. In Grenada's case, they did not even rule out the United States' last recourse: direct action, also taken in Puerto Rican territory in mid-1980, on Vieques Island, in the fashion of a general exercise.

Obviously, Reagan is using an outdated policy. He reduces all discussion of international affairs to what he calls the "East-West" conflict, and he describes as "terrorist" any political group that in one way or another is at odds with Washington. Reagan carried out to the letter the absurd thrust of the so-called Santa Fe Report.

The military component has been the essential factor in Reagan's foreign policy, for he is a man who dreams of manufacturing the neutron bomb and who has drawn up an over \$180 billion plan to place 100 MX rockets in silos and to build 100 B-1 bombers.

The Republican administration also had its plan for the Caribbean in the economic sphere, one that can be termed a military plan similar to the postwar Marshall Plan. It was even initially called the mini-Marshall Plan for Central America and the Caribbean. Drafted by Reagan administration advisers for the Inter-American Security Council, it starts out by announcing that the "Third World War" began some time ago and that Latin America and the Caribbean are strategic in this third phase of the conflict. "Even the Caribbean, a space for maritime traffic and a petroleum-refining center for the United States, is being transformed into a Marxist-Leninist lake. Our country has never been in such a risky situation with respect to its southern flank," it says.

After reviving the Monroe Doctrine as the magical last hope for the empire in crisis, the Santa Fe advisers view the Caribbean as a direct threat to the United States because of Cuba, Grenada, and Nicaragua. Specifically, they state that the United States should initiate a policy that insures "multifaceted aid for all the friendly countries that are under attack by armed minorities receiving assistance from hostile outside forces."

The lengthy document, in which Carter's policy toward Cuba, Guyana, and Jamaica is criticized, devotes the following lines to the Grenadan Revolution: "Maurice Bishop took power in Grenada in March 1979. Bishop's new airport is being constructed by Cubans. This airfield dominates the deep-water channel running along the Island of Grenada through which 53 percent of all the petroleum imported by the United States passes."

This military plan with economic backing was directed against the region's progressive movement, until it met resistance on the part of the governments of Mexico, Canada, and other countries. Washington was forced to change it.

In late July 1981, Thomas Enders, assistant secretary of state for Inter-American Affairs, tried to rescue Reagan's plan from failure. At special sessions of the House of Representatives, the official stressed the need to achieve "economic stabilization" of the Caribbean area. "I don't want to give the impression"--he admitted--"that economic development alone can solve the area's political and security problems. It can't; they should have military and political answers."

Stephen Lande, assistant trade representative for bilateral affairs, said at the same session that the emphasis of Reagan's plan is not on economic assistance but rather on investment in the private sector and trade. After proclaiming that "this area will not be ignored," Lande summarized the crisis that occurred at a meeting in the Bahamas to discuss the North American plan for the region. His version: "There were disagreements at Nassau among the foreign ministers from the United States, Mexico, Venezuela, and Canada. Mexico wanted Cuba to be automatically included. We cannot consider any aid for Cuba. As a result, we agreed to disagree."

To the people of the Caribbean, however, these U.S. "plans" are not new. Back in Roosevelt's era there were plans for aid for the region. Then under Kennedy. More recently, under Carter; and now under Reagan. Behind these initiatives the Caribbean countries have always managed to find Washington's expansionist, hegemonic, imperialistic essence. First of all is its military nature.

Consequently, the mini-Marshall Plan also failed. The Caribbean countries openly expressed their reservations about the plan. At an early meeting in Jamaica, in September 1981, these governments insisted that the aid be free of any political pressure and that it should be controlled by the region's governments. No country--they stressed--should be excluded from economic aid because of its political or ideological positions.

Even a personage as conservative and pro-North American as Lester Bird, deputy prime minister and son of the premier of Antigua (later independent), expressed his doubts at the meeting about the U.S. plan. International observers were surprised by the following words spoken by Bird, who spoke on behalf of the smallest islands in CARICOM: "I cannot help feeling somewhat skeptical about another plan by our friends in the United States, Canada, Mexico, and Venezuela for a joint approach to assistance with a view to Caribbean development. The least developed countries in the Caribbean Community already have experience with the Group for Development and Economic Cooperation in the Caribbean, which, after 4 years, has provided no additional benefit whatever. In fact, those 4 years have been characterized more by frustration than by success."

#### Revolution Is Possible

This Caribbean resistance simply had not arisen previously in regard to the Carter plan, when Cuba was explicitly excluded from the so-called Caribbean Group without the region's governments' having been able to protest that boycott. Today, however, U.S. policies for the region have increasingly less sympathy. In other words, Washington can no longer blackmail the Caribbean countries so easily, even those with serious economic problems.

A case worth mentioning is the attempted exclusion of Grenada from the Caribbean Development Bank, an effort that failed because the other member countries, despite their economic problems, noticed that isolating Grenada would work against their own sovereign interests in Washington's favor. The Reagan administration stirred up considerable resistance, even among conservative governments in the region. Although it has important allies in the Caribbean, not all of them are prepared to follow Reagan's warlike, interventionist, aggressive dictates.

This apparent contradiction arises from the erroneous analysis Washington is making of the reality of the Caribbean processes. In the first place, the conservative governments in the Caribbean, allied with imperialists, are bourgeois democracies and not racist military dictatorships, as in other parts of the hemisphere. Reagan's policy is not for bourgeois democracies but rather for fascist dictatorships. Thus, it does not satisfy these Caribbean regimes, though they consider themselves enemies of the Grenadan Revolution.

The Republican administration's analysis concerning the region, especially concerning the eastern Caribbean, did not take into account, either, such important factors as repudiation of the apartheid system in South Africa, Zionism, and the military dictatorships in Latin America.

To the great majority of English-speaking Caribbeans, Reagan is a male version of Margaret Thatcher, whose ultraconservative policy both within Great Britain and abroad is repudiated in the region. Also, from the viewpoint of the former mother country, there has been a major change in London's policy toward the Caribbean since the days of Labor's Prime Minister James Callaghan, who did not consent to any attacks on Grenada, nor did he allow the political prisoners from Northern Ireland to starve to death.

To characterize London's attitude toward Grenada, this statement, made in February 1981 by Secretary of State for Foreign Affairs Nicholas Ridley: "Grenada is in the process of establishing a type of society that the British Government disapproves of, regardless of whether the people of Grenada want it or not."

Amid these international problems stands little Grenada, in the center of what is unacceptably called the "backyard," fighting daily to solve the immense problems of underdevelopment.

The very fact of the Grenadan Revolution demonstrates how times are changing; for these days everything that happens in any country in the world, no matter how small it is, has major international repercussions. It is also an example of the increasing participation of the underdeveloped world in current political life.

Like the revolutions in Cuba and Nicaragua, the one in Grenada has enormous importance for the Caribbean, Latin America, and all of what is called the Third World. The Grenadan process has demonstrated how a small country with a tiny population, poorly endowed with natural resources, backward, and dependent can spawn, nurture, and develop a revolution. The mere fact of existing in the face of hostility from the most powerful empire of all times is truly a significant achievement.

As the Grenadan Revolution goes on consolidating itself and goes on solving the problems that seemed insoluble for this region, it will continue to be a focus of attention for everyone, including Washington, which is now seeking ways of preventing the establishment of "another Grenada."

## PROBLEM OF IDLE INVENTORIES DISCUSSED

Havana TRABAJADORES in Spanish 21 Jun 82 p 2

[Commentary by Jose Yanes: "Against Idle Inventories"]

[Text] It can be said that enterprises have idle inventories when they accumulate, in quantities greater than actually required to maintain an uninterrupted production process, raw materials, essential and supplemental materials, fuels to produce energy and spare parts for such a process.

Idle inventories are enemies of the efficiency of enterprises, affect the latter's economy and make it difficult for enterprises to establish economic budgeting. The elimination of idle inventories helps to free enterprises from an aspect that has a negative effect on their productive efforts. We should not overlook the fact that fighting for management efficiency must be a task of the first order because the state obtains the substantial resources it spends on education and public health, just to mention two examples, primarily from the profits of the enterprises. Idle inventories can affect such profits, which is the same as hurting the ability of the state to pay for those and other needs of the country.

Furthermore, when an enterprise maintains idle inventories, a specific volume of the country's material resources--which, as we know, are limited--is not used for the benefit of all the people. This means that the socialist state has assigned part of its resources to the unnecessary accumulation of material goods, which hurts social and personal consumption or impairs the investment necessary for continuous expansion of the economy.

#### Knowing More About the Enemy

To be able to have a more exact knowledge about what idle inventories are, it is necessary to talk, albeit briefly, about standard rotation resources.

Standard rotation resources are classified in two groups: standard rotation resources in production and standard rotation resources in circulation. Standard rotation resources in production are those already mentioned at the beginning of this article: raw materials, essential and

supplemental materials, fuels to produce energy, spare parts, returnable containers and packages, utensils, tools and similar items, production in process, and so forth. Standard rotation resources in circulation for finished production are the merchandise for sale and in-transit import merchandise.

The essential characteristic of standard rotation resources is that their entire value is transferred to the finished product. For example, unprocessed mineral is turned completely into steel bars and sheets for construction which in themselves contain the entire value of the unprocessed mineral. Therefore, all the standard rotation resources represent a considerable investment for the enterprises. Logically, an excessive accumulation of such resources, which forces their immobilization in warehouses and that they remain idle, will create a serious effect on the economy of the enterprises and, of course, on that of the state.

Therefore, the enterprises should have at a given moment only the necessary and fair amount of rotation resources to assure an uninterrupted production process. This is achieved by means of adequate norms for such resources consisting of economically-based standards whose results, in terms of monetary resources, are called Financial Standard of Rotation Resources. This standard must represent or establish the minimum needs of resources required by the enterprise, according to its characteristics, to assure the aforementioned uninterrupted production process.

Any wrong calculation in determining the optimum level of rotation standards, or worse, the underestimation of financial standards established for the management of such resources, will cut profits because of the bank interests paid for loans to finance these resources. Naturally, all this will affect the creation of decentralized funds of the enterprise and particularly the material incentive funds. On the other hand, a cut in interest payments for loans granted to finance rotation resources will reflect rational management of inventories and will have a positive influence on the profit of the enterprise and, therefore, on the possibility of giving material incentive to the worker. Furthermore, the state will not have idle resources which, in many cases, represent substantial investments on importations that produce nothing.

#### How To Finish or at Least Cut Down the Enemy?

At present, there is a considerable amount of idle inventories in our country, although intensive work has been done to eliminate them. Some of these excessive accumulations are due to the aforementioned causes, since these mechanisms were not applied prior to the establishment of the Economic Management and Planning System and there are still deficiencies in their most rigorous understanding and application. Others, however, were and still are caused by situations for which the enterprise is not entirely responsible, such as the irregular or concentrated arrival of imported goods as a result of our heavy foreign trade. There are other causes of excessive accumulations as a result of technological changes or because the nomenclatures of products do not correspond to current consumption structures, among other causes.



Nevertheless, the specific conditions in which enterprises should operate under the principles of economic budgeting, prevent the enterprises, as we have seen and from any viewpoint, from having idle inventories. In the first place, we insist that the enterprises should watch over the most rigorous application of economically-based standards (Financial Standard of Rotation Resources), that will help them maintain, at optimum level and according to needs at a given moment, the raw and essential materials necessary for an uninterrupted production process.

Decree 68, issued in July 1980, standardizes methods which permit enterprises to eliminate excessive accumulations acquired as a result of the lack of financial standards as well as those derived from situations outside the responsibility of the enterprises. For its part, the State Committee for Finance issued Resolution 541-80, which contains the rules for implementation of Decree 68 on everything concerning its financial aspect. At the same time, the organizations responsible for handling the largest volume of raw materials, materials and merchandise of every type, such as the State Committee for Material and Technical Supply and the Foreign Trade Ministry, issued resolutions 92-80 and 180-80 which, based on Decree 68, establish the procedure for the country's enterprises to eliminate or reduce their idle inventories.

#### Fighting Against This Enemy of Efficiency

The consistent application of these legal instruments undoubtedly makes possible the elimination or reduction of this big enemy of management efficiency. However, as we already have said and almost 2 years since these legal instruments were promulgated, there still exist large amounts of idle inventories. These are a burden on the state budget which, since the issue of Decree 68, includes interest payments for the country's accumulated idle inventories so that the enterprises could be released from such interests. It should be said, however, that many enterprises have accumulated inventories because they have not fulfilled the Financial Standard.

In this regard, we want to go over a very special aspect of Decree 68. It is Article 15, which we quote textually because of its importance: "The central distribution enterprises and their higher organizations are required to deal with and attain the elimination of all idle inventories declared or acquired by the former, in accordance with Article 11, and for this purpose, will present to the government, with prior consultation with the National Bank of Cuba, the pertinent proposals for the speedy elimination or reduction of such inventories by means of exportations, replacement of importations, utilization as raw material for marginal productions or new articles for local industries or for sale to agricultural cooperatives, small farmers, organizations, associations, self-employed workers or to the population."

As can be seen, this article of the decree orders the speedy redistribution of idle inventories since, while they cease to be a burden on the enterprise as a result of established mechanisms, they begin to be a burden on the state budget. The large accumulation of idle inventories is, especially

at this time, a burden on the state budget. It is necessary that these resources be redistributed so that they can fulfill their original purpose or in any productive way. As we know, our budget shows a deficit which must be cut by lowering the level of expenditures and raising earnings. Idle inventories represent expenditures for the state budget. Their redistribution for the purpose of production helps to raise earnings for the budget and, in fact, helps to cut the budget deficit. We insist that the enterprises must not neglect the adequate use of the Financial Standard so that they will not have unnecessary accumulations of rotation resources.

9925

CSO: 3010/1866



MAGANA: POLITICAL FORCES UNITED UNDER NEW ADMINISTRATION

San Salvador LA PRENSA GRAFICA in Spanish 5 Jun 82 pp 5, 19

[Text] If we wish to understand the government of unity, we must realize that we are witnessing the birth of a new republic, declared President Alvaro Magana yesterday at the Presidential House, during a special meeting with peasants.

The political forces that won support at the polling booths are cooperating with the government, thus making the aspirations of all Salvadorans a reality, insofar as, during the last political campaign, they unanimously proclaimed the need for a representative, participatory, and pluralist government.

The Chief Executive explained that the current government over which he presides is representative because its composition is drawn from the people's will. It is participatory because it includes full participation by the forces which competed for power last 28 March. It is worthy of note, he added, that the previous government and its opposition are, for the first time in our history, acting jointly in the three branches of government.

The government is pluralist, continued Dr Magana, because in addition to representing all political parties, it includes various independent elements, such as the president of the republic and other officials.

Based on the foregoing, he said that this government cabinet is democratically the one best suited to our present historical circumstances.

In order for it to work, we need a government plan which is guided by the will of the people, as expressed in the 28 March elections.

Strength...

This government, continued the provisional president, cannot run the risk of being inoperative or unstable, nor can it allow itself the luxury of having the

slightest discrepancy turn into a crisis. In order to avoid this, we must continue to analyze the motivations of the electorate as shown last 28 March.

#### Administrative Reform

In his speech to the nation upon issuing land titles to peasants, President Magana said that it is necessary to put the administrative reform into effect. A society in the process of change, he said, must institutionalize an administrative apparatus that is responsive to such a process, by meeting the need for a reordering of public administrative services. An administrative reform is needed, he said, at the level of central and municipal government, as well as in the autonomous territories.

9839

CSO: 3010/1844

## D'AUBUISSON CRITICIZES FORMER ADMINISTRATION

San Salvador LA PRENSA GRAFICA in Spanish 5 Jun 82 pp 4, 11

[Text] Our country's foreign debt as of February of this year was 3,000,837,800 colons, a figure not including the domestic debt, the chairman of the assembly stated yesterday when he met with representatives of the nation's productive sector.

The engineer Conrado Lopez Andreu, representative of the Chamber of Commerce and Industry of El Salvador, Enrique Alfaro, of the Board of Agricultural and Livestock Firms, Mr Rene Escolan, of the Salvadoran Businessman's League [UDES], Mr Eduardo Menendez, chairman of the Salvadoran Manufacturers Association, Luis Mendoza, of FENAPES, [National Federation of Salvadoran Small Businesses], engineer Rafael Castellanos, coordinator of the Second National Symposium of the Productive Sector, and Dr Jose Antonio Rodriguez Porth, of the Chamber of Commerce and Industry, presented a compilation of the findings of the above-mentioned Symposium to the chairman of the Constituent Assembly, Maj Roberto D'Aubuisson.

"I hope that they have been taken into account in the first symposium of private enterprise of the productive sector, because if such would have been the case, our economy would not be in the sorry state it is in," D'Aubuisson expressed to the visitors.

And as a result, he added, we have a foreign debt of 3,000,837,800 colons, not counting the domestic debt. Moreover, he stated that engineer Duarte even to this day criticizes the Second National Symposium for the Analysis and Outlook of the Productive Sector of El Salvador.

"When I spoke of the National Unity administration, not only was I referring to political measures, but also to labor, by taking into account all economic sectors of the country," he added. "I understand perfectly what one feels when excluded by a totalitarian government like the last one, because when we fight for an ideal that is positive for the country and the people, they always give us 'nicknames'," Chairman D'Aubuisson emphasized.

"I believe that neither will it be uncommon for the productive sector to be related with these 'nicknames', because it is a sector fighting to

achieve economic recovery for our country," he added. He went on to say: "In this I will be firm, and he who attacks El Salvador will be doing so maliciously or so as not to let 'his arm be twisted'."

"We will be briefing the Salvadoran people on the situation we face, or rather, that we have inherited. This is because when implementing any emergency measures to help our economy, we don't want them to blame us. That is to say, at this time the people will understand that it will be to protect ourselves from a legacy of mismanagement of our funds, because in the past they were only concerned with traveling, without thinking of how they could have put the little foreign exchange we had to better use," he pointed out.

"We must fight for what is right, because we have the truth on our side, and it is for them to explain why we have zero foreign exchange or what happened with the Rumanian buses transaction," D'Aubuisson remarked.

#### IRA Waste

Major Roberto D'Aubuisson showed concern when he added the information that the Supply Regulatory Institute [IRA] has wasted 2,442,652 pounds of powdered milk, valued at 4,098,828.84 colons.

He reiterated that all of the aforementioned is due to poor administration on the part of the past government, mismanagement of funds, bad purchasing, and above all, lack of interest in national affairs.

"We are concerned about finding out how the situation really is so that we can take steps on solid ground. Any anomaly we find along the way in any institution we will make a matter of public knowledge so that the people may judge what we have inherited and see our efforts to make advancement for our country, so battered by the dastardly government it had previously," he concluded.

9983

CSO: 3010/1848

## UPD SAYS SUSPENSION OF DECREE 207 UNCONSTITUTIONAL

San Salvador EL MUNDO in Spanish 5 Jun 82 p 11

[Text] Popular Democratic Unity [UPD] announced at a press conference that it will appeal to the Supreme Court to declare unconstitutional the Constituent Assembly's Decree 6.

Leaders of organizations affiliated with UPD explained that the suspension of the former Government Junta's Decree 207 called for by the aforesaid Decree 6 contradicted the spirit and letter of Article 47, No 12 of the Political Constitution of 1962 adopted by the Constituent Assembly in its Decree 3, which "does not give (the assembly) power to suspend legislation, but limits its legislative powers to decreeing, interpreting, reforming, and abrogating secondary laws, but does not state that it can suspend laws as in the case of Decree 207."

Concerning the latest issuance of land titles announced by the government, UPD said that "this is nothing new, and it does not indicate any progress whatsoever. What is happening is that titles corresponding to the thousands of papers or requests that have been pending at the National Finance Agency for Agricultural Lands [FINATA] since before 28 March are now being issued."

As far as concerns the visit by UPD delegates to the United States, the leaders of this organization declared that they have not gone out to seek destabilization of our country nor to assist in subverting it, much less to misinform anyone. What they have done is explain the truth, "for the beautiful thing in a democracy is to have full information concerning every sector," they said.

9839

CSO: 3010/1844

## MINISTER MUYSHONDT DISCUSSES ECONOMIC ISSUES

San Salvador EL MUNDO in Spanish 15 Jun 82 p 2

[Text] The minister of agriculture and livestock, Engineer Miguel Muyshondt Yudice, reported yesterday at a press conference that, just as Decree 207 required implementation of agrarian reform by issuing peasants titles to expropriated lands, the Government of National Unity would also do what is right in expediting payment to such properties' former owners.

The minister reiterated that, in applying the Law of Agrarian Reform, "We are going to do what is right in actually making payment for confiscated properties, in order to consolidate the process." He assured those present that provisions were being made through the Salvadoran Institute of Agrarian Transformation [ISTA] to deliver payment for reformed properties, as well as to improve agrarian reform techniques.

Muyshondt Yudice said that during his administration, the agricultural sector will enjoy priority status because of its vital importance in reactivating the national economy. "We are an eminently agricultural country, and we are not going to commit the previous mistake of neglecting this sector," he added.

He also declared that the Ministry of Agriculture and Livestock [MAG] will this year give special impetus to programs to control agricultural pests and diseases. He reported that, with the cooperation of the Center for Specialized Grain and Seed Studies, the First Storage Seminar will take place here, a seminar primarily designed to reduce post-harvest losses that exert a considerable effect on producers' economics.

The seminar, added Muyshondt Yudice, will coincide with the celebration of "World Nutrition Day," to be held 14 and 15 October of this year. Officials and technicians from the various agriculture ministries in Central America will be invited to this event.

The agriculture minister also revealed that the Salvadoran Cotton Cooperative reported that as of the 10th of this month, 126,290 acres of land had been registered for growing cotton, and that 138,400 were expected to be in cotton this year, "due to the confidence shown by the cotton sector in the intentions of the Government of National Unity." He also made reference to the

incorporation of certain agencies to the new MAG structure, indicating that it is due to this circumstance that salary payments in some offices have been delayed.

He likewise reported on intensification of the program to combat coffee rust, facilitation of the issuance of land titles to small growers, and revisions in the operation of state cooperatives, as many of the latter are operating in an anomalous manner.

Finally, he reported that the first 'Pro-Peace and Progress' Agrarian Fair, which was held last Saturday and Sunday at the Cavalry Regiment's installations, was a resounding success. He said that more than 4,500 people visited the exposition, "which was a demonstration of what the people really want."

At the end of the press conference, Muyshondt Yudice swore in Col Jose Galileo Torres as the new president of the National Finance Agency for Agricultural Lands [FINATA] to replace Mr Jose Roberto Osorio.

At the same meeting, Engineer Salvador Navas Martinez was sworn in as vice president of the same agency, a position which had been vacant, and Mr Edgardo Ricardo Lemus was sworn in as manager to replace Mr Ciro Guillermo Mata.

9839

CSO: 3010/1844

## FARMERS CLAIM GOVERNMENT IGNORES COMPLAINTS

San Salvador EL MUNDO in Spanish 7 Jun 82 p 2

[Text] Agricultural sector workers allege that their complaints to the Labor Inspection Department are not being processed. They say they have asked, persuaded, invited, and requested the Office of Agricultural Labor Inspection, at all three of its regional bureaus, to investigate workplaces where statutes, codes, decrees, and other labor laws are being violated, but to no avail.

The plaintiffs indicated that violations committed include failure to comply with payment of minimum wage, which is 5.20 colons for men and 4.60 colons for women. They also said that benefits prescribed by law, such as paid weekly rest periods, food, work days of less than 10 hours, holidays, assistance in case of worker death, and job security based on long-term service, are not being observed.

Our informants said that "when we bring our dramatic calamity to the attention" of the directors, chiefs, and secretaries of the offices set up to serve workers, "certain deaf, insensitive executives, with their frowning and not very friendly faces, ridicule our humble condition as day-laborers." Some officials, they added, declared "that Christian Democracy, now in possession of the Ministry of Labor, is to blame for our being deceived, mocked, and disdained: that there are no vehicles or gasoline for getting to the required workplace; that we should address ourselves to the minister in writing; that perhaps he will sympathize with our lot."

They further said that, whereas vehicles are refused them for performing official business, such vehicles are used for private matters, and they have even been seen on Saturdays and Sundays at beaches, stadiums, and bars.

As an example of what is going on, they mentioned the case of a certain "brusque and arrogant" gentleman of the Santa Ana Regional Office, who told them that he is not the boss, and therefore cannot solve the problems they bring him.

In addition to protesting, the interested parties have asked that inspections be resumed, that personnel be "humanized," that the various sections be equipped with new vehicles, and, of course, that those responsible for violating workers' rights be punished.



## ACES URGES INCAFE TO EXCHANGE EXCESS COFFEE

San Salvador EL MUNDO in Spanish 16 Jun 82 p 31

[Text] The Coffee Growers Association of El Salvador [ACES] has reiterated its proposal that INCAFE negotiate an exchange of the coffee surpluses that are becoming economic ballast to the country. The communique says the following:

"There is a general consensus on the state's ineptitude in business management. This has been most clearly demonstrated in the usurpation of coffee marketing, especially with the de facto misgovernment with the communarians. We are not only referring to the crass marketing errors. The International Coffee Organization's quota system went into effect on 1 October 1980. If all the stored coffee would have been exported prior to that date, we would not now be stuck with it as surplus.

"We are speaking of it as being exported, not sold, since up until that date there were no restrictions on such an export.

"The country has been lugging that surplus around since October 1980; it consists of about 2 million quintals that have not brought, nor will they bring, tax revenue or foreign exchange to the country.

"At the prices that were prevailing in the months prior to the quotas, the country could have earned some \$270 million and the government would have received some \$74 million in tax revenue. Let us recall that the Assembly of Governors is the highest authority of INCAFE and that the chosen ones that were its members are not guiltless. The country cannot recover such a loss, which if it would not have happened in the first place, would have made us not as inclined to sell out the country so easily.

"The state has had absolute control over the marketing of coffee since 1961, a fact that the next de facto leader should know. It was argued that [coffee marketing] should be entrusted to the state so that the flow of foreign exchange into the country would not be interrupted. But according to international information, 1981 is when there was the greatest dollar outflow from El Salvador.

"We are lacking everything in our country, even in what we are producing, except 'coffee'. As a solution, we propose an exchange of our surplus coffee, either in toto or in part, for products such as petroleum, fertilizers, iron, tires, vehicles, and others with countries who are not traditional importers of coffee, such as Russia, East Germany, Rumania, Bulgaria, and so forth. Since the state is responsible for this situation, it must either partially or totally do without the tax, depending on the conditions of the exchange.

"Of course, we are not proposing an exchange like the Rumanian bus exchange, where in addition to the prevailing aura of absolute secrecy, there was an abuse of power.

"We make our proposal with the objective of finding a way out of this national problem, in addition to trying to inspire confidence within the coffee growers union and give it incentive. We remember that while we don't have such a large surplus on our hands, it will nevertheless continue to act as ballast and a hindrance.

"Without a doubt, the forecasts that Brazil will suffer a freeze come into play, but let us recall that our economic situation necessitates immediate solutions. Moreover, the great loss of the defunct Salvadoran Coffee Company, as well as that of INCAFE, tell us that the coffee trade should not be handled like a game of chance. San Salvador, 14 June 1982. Coffee Growers Association of El Salvador."

9983

CSO: 3010/1848

## BRIEFS

ACES REPORT--We have received a bulletin from the Coffee Growers Association [ACES] that says the following: "Reality has taken upon itself the responsibility for siding with those who have always been in the right. It is almost incredible the amount of coffee that there is in storage, and now with the quotas, it is a real problem for our coffeegrowing sector. The truth about the coffee, its management, etc. should be made public for the good of the country. That is the only thing that can bring back lost confidence, because the lost money cannot be brought back. The position of certain foreign friends and some nationals, that we should stop committing economic suicide, is from our point of view treason. No, we must straighten out the bad, the stupidity of reforms, and keep the good aspects of those reforms. In a nutshell, we must make an in-depth evaluation to be able to determine what is good and what is bad within the nation. It is a duty toward the homeland to explain the precarious economic situation that makeshift governments have left us in, especially during the last 2 years of misgovernment, which the true Salvadoran people have had to sweat out. We propose as a solution for getting rid of all the surpluses that we barter our coffee with countries behind the Iron Curtain, however, not like the exchange of buses no one knows anything about. It should be carried out in a clear-cut way, by trying to swap the only thing we have in exchange for quite a few products we need: iron, fertilizer, tires, and others. These should then be sold to private firms to alleviate the grave crisis of the shortage of foreign exchange in our country. We hope that these suggestions are put into practice or at least attempted. San Salvador, 11 June 1982, Coffee Growers Association of El Salvador." [Text] [San Salvador EL MUNDO in Spanish 4 Jun 82 p 3] 9983

CSO: 3010/1848

## BRIEFS

TRADE UNION LEADER DIES--Veteran trade unionist Septimus Forsythe died Sunday night after undergoing brain surgery. Forsythe was principal of the Grenada Technical and Vocational Institute, president of the Public Workers Union and vice president of the Trade Union Council at the time of his death. His funeral is tomorrow. [FL220055 St Georges Domestic Service in English 2300 GMT 21 Jul 82]

UNCTAD POST--Bridgetown, Barbados, 19 Jul (CANA)--Grenada-born economist Alistair McIntyre has been appointed deputy secretary-general of the United Nations Conference on Trade and Development (UNCTAD), according to a statement from UNCTAD released here. He will take up the appointment on 1 August. Mr McIntyre served as director of UNCTAD from 1977 to 1980. He had been acting as deputy secretary general from 1980. [FL191640 Bridgetown CANA in English 1608 GMT 19 Jul 82]

CSO: 3025/1126

## BRIEFS

EGP REPORTS RECENT ACTIONS--The rebel armed forces of Guatemala have blamed the Gen Efraín Ríos Montt regime and the U.S. Government for the increase of repression in that Central American country and urged the people to intensify the actions to achieve a popular, patriotic, revolutionary and democratic government. A military report released in Guatemala City indicates that in the past few hours four clashes occurred between guerrilla forces and army troops, three of them in Alta Verapaz department. The Poor Peoples Guerrilla Army has reported that its fighters inflicted 200 casualties, including 52 dead, on the regime's troops in actions carried out in May and June in Quiché, Huehuetenango, Chiquimula, Alta Verapaz and Baja Verapaz departments. [Text] [PA150434 Havana International Service in Spanish 0000 GMT 15 Jul 82]

NEW UNITY MOVEMENT--The leaders of organizations such as the Union for the Guatemalan Recovery of Belize and the National Civic Committee have formally created in our country the movement for Latin American unity for the purpose of achieving the unity of the Latin American people. Their purpose is to secure the goals of José de San Martín and Simón Bolívar. [PA122235 Guatemala City Radio Nuevo Mundo in Spanish 1200 GMT 12 Jul 82 PA]

PLANNING OFFICIAL DISMISSED--(Raul Villatoro Recinos), secretary general of economic planning, has been dismissed. He has been temporarily replaced by (Ariel Rivera), the assistant secretary general of the planning office. [PA101747 Guatemala City CADENA DE EMISORAS UNIDAS in Spanish 1230 GMT 10 Jul 82 PA]

CSO: 3010/1945

## BRIEFS

BORDER REINFORCEMENT PLANNED--Tegucigalpa, 20 Jul (ACAN-EFE)--The Honduran Armed Forces will reinforce the country's borders "so that the people can feel calm and at peace," Defense Secretary Col Jose Serra Hernandez said today. The defense secretary added that "we are trying to solve" the friction between Nicaraguan and Honduran soldiers "through diplomatic channels." "We are trying to prevent any kind of problems with our neighbors in order to maintain the validity of the internationalization of peace which our government is sponsoring. However, we must also see that our sovereignty is respected," said Colonel Serra Hernandez. The governments of Honduras and Nicaragua exchanged protest notes last week over aggressions against their respective territories. The Honduran secretary said that "at this time, the rainy season, with all the sacrifices which the season implies, our soldiers will remain on post at the borders." Recently nine Honduran soldiers died when members of a patrol began shooting at each other due to "adverse weather conditions and lack of coordination," according to an official report. [Text] [PA201615 Panama City ACAN in Spanish 1513 GMT 20 Jul 82]

NEW PDCH PRESIDENT--Alfredo Landaverde has been elected president of the National Directorate of the Honduran Christian Democratic Party [PDCH]. After his election, he characterized himself as a truly radical Christian Democrat. [PA221558 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 19 Jul 82]

STUDENTS ARRESTED AT AIRPORT--Tegucigalpa, 11 Jul (AFP)--Church sources reported the arrest of three Catholic student leaders today in the immigration office at Toncontin Airport in this capital. The three youths, belonging to the Latin American Secretariat of the International Movement of Catholic Students based in Lima, Peru, arrived in Honduras from El Salvador. They were arrested by immigration authorities at the airport. The reason for their arrest and their whereabouts are not known. Those arrested--a Dominican, an Ecuadorean and a Peruvian (Jorge Chavez)--planned to visit priests of the Choluteca Diocese here, 200 km south of Tegucigalpa. It was learned that Honduran church authorities are making efforts with the immigration officials to establish the whereabouts of those arrested and to obtain their release. [Text] [PA121810 Paris AFP in Spanish 0207 GMT 12 Jul 82]

## MINISTER REFUTES ALLEGED IMPORTS 'SQUEEZE'

FL222228 Bridgetown CANA in English 2205 GMT 22 Jul 82

[Text] Kingston, Jamaica, 22 Jul (CANA)--The Jamaica Government approved (U.S.)\$78 million worth in import licences for Trinidad and Tobago goods during the first 6 months of the year, industry and commerce minister, Douglas Vaz, told Parliament last night.

The figure compared with (U.S.)\$63 million in imports from the oil-rich Caribbean state which the government approved in 1981. Mr Vaz also announced that another \$24 million in import licences were currently being processed for more goods from Trinidad and Tobago this year.

The minister gave the figures to clear up what he said was a "misinterpretation and misunderstanding" about the country's trade relations with its Caribbean Community (CARICOM) partners, including Trinidad and Tobago.

Businessmen in the twin island state have voiced concern, along with their Barbados counterparts, about what they said was a squeeze on regional goods being applied in Kingston.

Last week, the Trinidad and Tobago Manufacturers Association (TTMA) said it had approached acting industry and commerce minister, Ronald Williams, asking him "to adopt certain measures which would induce Jamaica to comply with the spirit and terms of the CARICOM treaty."

Minister Vaz also announced last night that Jamaica's exports to regional countries so far this year had risen from \$18.7 million for the whole of last year to \$30.2 million for the first 5 months of 1982.

CSO: 3025/1125

## CBI DISCUSSIONS IN BARBADOS, WASHINGTON

FL202114 Bridgetown CANA in English 2055 GMT 20 Jul 82

[Text] Kingston, Jamaica, 20 Jul (CANA)--Jamaica's Foreign Minister Hugh Shearer and a group of trade unionists are leaving here today for Washington for talks with congressmen on President Reagan's Caribbean Basin Initiative (CBI)--a multi-million dollar trade, aid and investment plan. Mr Shearer, who is also a trade unionist, is expected to take part in a concerted Caribbean lobby for the aid plan on "CBI Day," tomorrow. Tomorrow's programme is organised by the U.S. Business Committee on Jamaica and the businessmen's interest group, Caribbean-Central American Action (CCAA).

Delegations from the Caribbean will meet congressional leaders to stress the importance of the CBI to the economies of the region. The proposals are now before the U.S. Congress for approval.

The Jamaica delegation comprises Mr Shearer, Lascelles Bechford, vice president of the National Workers Union (NWU), Hopeton Caven, the general secretary of the Trade Union Congress (TUC), and general secretary of the Jamaica Association of Local Government Officers, Lloyd Taylor.

The Jamaicans are to be joined in Washington by the president of the Caribbean Congress of Labour (CCL), Vernon Glean, CCL Secretary-Treasurer Burns Bonadie and general secretary of the Barbados Workers Union (BWU), Frank Walcott.

During an official visit to Jamaica last week, Barbados Prime Minister Tom Adams announced that two of his ministers would also be going to Washington for the programme. Mr Adams disclosed that Barbados would be coordinating with Jamaica its lobbying for the CBI. He also said that he had agreed to support alternatives put forward by Jamaica in case sections of the CBI package fell through. The alternatives have not been disclosed.

On Friday Mr Shearer will lead a trade union delegation for talks with Lane Kirkland, president of the American Federation of Labour--Congress Industrial Organisation (AFL-CIO). The body has expressed concern about some of the CBI proposals. It said there was a possibility of the CBI causing Americans to lose jobs because U.S. firms would be encouraged to relocate in the Caribbean.

On Friday Mr Shearer will also meet U.S. Deputy Secretary of State Walter Stoessel.

CSO: 3025/1125



## BRIEFS

BARBADOS, TRINIDAD IMPORT LICENSES FUNDED--Some \$1.7 billion in licenses have been approved by the Trade Administrator's Department for the first 6 months of this year. Of this \$1.7 billion approved, \$1 billion were funded licenses while the other \$700 million fell under the no-funds category. Speaking on the sectorial debate in the House of Representatives yesterday afternoon, Industry and Commerce Minister Douglas Vaz said 70 percent of the budgeted \$448 million for raw materials for this year have been granted and 55 percent of the capital which was budgeted for this year has been ready in the planning stages. News from CARICOM. The minister said a total of \$94.2 million in licenses have been issued for the importation of goods from Barbados and Trinidad and Tobago. And there is still a total of \$45.9 million in licenses pending for imports from these countries. At the same time, for the 5-month period January to May, Jamaica's exports to CARICOM will amount to (?\$61.3 million) [passage indistinct]. [Text] [FL221230 Kingston Domestic Service in English 1000 GMT 22 Jul 82]

SHEARER, PINDLING HOLD TALKS--Kingston, Jamaica, 20 Jul (CANA)--The Bahamas prime minister, Lynden Pindling, had 2 hours of talks here on Sunday with Jamaica's Foreign Minister Hugh Shearer on regional issues, Foreign Ministry officials said today. Mr Pindling arrived in the north coast town of Ocho Rios aboard a cruise liner, "Nordic Prince," which left here yesterday continuing a Caribbean cruise. The officials said the talks covered topics likely to be on the agenda for the next Caribbean Community and Common Market (CARICOM) heads of government meeting, expected to be held in Jamaica next October. Mr Pindling was also briefed on the outcome of the visit of the Barbados prime minister, Tom Adams, to Jamaica last week. The GLEANER newspaper said the Bahamas leader is expected to meet with other Caribbean heads of government in the next 10 days. It quoted Mr Pindling as saying he expects to attend the CARICOM summit. The Bahamas is an associate member of CARICOM. [Text] [FL201941 Bridgetown CANA in English 1852 GMT 20 Jul 82]

PURCHASES FROM BARBADOS--Kingston, Jamaica, 20 Jul (CANA)--Jamaica committed itself to importing (U.S.)\$16 million worth of goods from Barbados in the first half of this year, nearly doubling its purchases from the island last year, Jamaica's Prime Minister Edward Seaga has reported. The figure represents the value of the licenses the Jamaica Government issued for the importation of Barbadian goods. Mr Seaga told reporters the import licenses were valued at \$6 million for the whole of 1980 and (U.S.)\$10 million last

year. Barbados-Jamaica trade was one of the issues which Barbados Prime Minister Tom Adams discussed with Mr Seaga during his 4-day official visit to Kingston last week. Barbados exporters had asked Mr Adams to raise the issue of their difficulty in getting clearance for shipments to Jamaica, where the government says the level of imports is severely hampered by a shortage of foreign exchange. The exporters also complained that there were long delays before they received payment for goods sent to Jamaica. [Text]  
[FL202305 Bridgetown CANA in English 2030 GMT 20 Jul 82]

CSO: 3025/1125

## SOCIAL ILLS AFFECTING LAZARO CARDENAS RELATED

Mexico City PROCESO in Spanish 21 Jun 82 pp 12-15

[Article by Ignacio Ramirez]

[Text] Lazaro Cardenas Michoacan--how far removed are the peaceful days of this city, whose population is now battling anarchy, social and political instability, uncertainty and desperation. It is a truly devastating panorama: Inflation, high cost of living, low wages, unemployment, shortages, pollution, housing shortage, illiteracy, prostitution and criminality; in short, the worst "epidemic" suffered by the region's inhabitants, as one of the old residents of El Llanito, the old name for this place, would say.

Added to all these problems are those resulting from work stoppages or cuts in several projects because of the 8 percent overall budgetary adjustment decreed by the federal government. Examples are the Salamanca-Morelia-Lazaro Cardenas gas pipeline, where work was stopped just before completion, and the closing or lack of liquidity of mainly construction companies, with the consequent mass worker layoffs. Even the zoo was moved to Morelia for lack of sufficient funds to maintain it.

Some other facts reflecting the desperate situation in which the 60,000 Lazaro Cardenas inhabitants live--with the population explosion it is estimated that by the year 2000 half a million people will live there--are the following:

--The minimum salary is 293 pesos, whereas a funeral costs 43,500 pesos, according to the official price of "De Leon," the only established funeral home--the reason why many people bury their family members clandestinely.

--On the average there are three homicides, rapes or robberies a day.

--Two months ago worker layoffs and dismissals started. At that time job losses were 1,000 per week, which fell to 320 last week, according to Alejandro Santillan, leader of the local Confederation of Mexican Workers.

--Ninety percent of the population is illiterate.

Such information is backed up by authorities and representatives of various sectors of the population and is recognized, officially as well, through studies, mainly the Plan for Regulating the Extended Urban Zone of the Mouth of the Balsas River--three volumes with a total of about 1,000 pages--developed by some 50 specialists of the commission of the same name under architect Pedro Ramirez Vazquez and the governors of Michoacan and Guerrero, Cuauhtemoc Cardenas and Alejandro Cervantes Delgado, respectively. The plan will be presented to President Jose Lopez Portillo in the near future.

The region's most important suspended project from an economic and industrial point of view was the Salamanca-Morelia-Lazaro Cardenas gas pipeline, now 80.86 percent complete, which will supply natural gas to the Lazaro Cardenas-Las Truchas Iron and Steelworks (SICARTSA) and to other enterprises.

An original investment of 410 million pesos was estimated for its construction; later an increase to 710 million was requested. The dimensions of the gas pipeline are: diameter 24 inches and length 430 kilometers. It was expected that the work would be completed next month.

Last month the local PEMEX construction residence received an official notice with the determinant order, a substantial part of which stipulated that work was suspended due to the budgetary adjustment.

More than 1,000 workers were dismissed by the contractors OMECSA, TEMSA, SIHO and Constructora Allende, not counting those of the PEMEX construction residence affected. The last labor report by this agency is for the work week 17 through 23 May, endorsed by the Subdirector for Projects and Construction and the Directorate for Priority Gas Pipeline Projects with the following headings: Job No 0966, Budget Item No P-927-52-79, Project P-927-52-02.

Surprisingly enough, in the face of the evidence of the information, engineer Daniel Ramos Rocha, gas pipeline construction resident, had only to recognize that effectively all work is suspended "until further notice."

In addition to the gas pipeline, other projects affected by reduced public expenditures are enumerated as follows:

Not a stone has been turned for the PEMEX refinery announced last 18 March by President Lopez Portillo in the ceremony commemorating petroleum expropriation. The refinery would be constructed on the island of Cayacal, where an agreement was signed. The original project foresaw its construction in the state of Jalisco, where work was begun, but also finally stopped.

The delay--at least another year--in the work begun on the second phase of SICARTISA, to produce 110,000 tons of corrugated rods, heavy wire and flat steel annually, with an investment of 17 billion pesos.

In addition, the work pace is very slow for the FERTIMEX project, with an investment of 12.2 billion pesos. The fertilizer plant was to be in operation in October and supposedly is to generate 8,000 temporary and 1,000 permanent jobs.

Likewise suspended was the work initiated for the CONASUPO delegation in an area of 115 hectares, work on two silos with a capacity of 80,000 tons, the PEMEX storage plant with a surface area of 160 hectares, the work soon to be begun by Latin American Equipment and Construction, Mexican Shipyards and the Federal Electricity Commission thermoelectric plan costing 6.5 billion pesos.

In contrast, the only enterprises not facing economic problems are the NKS multinational companies (Nafinsa, Kobe, Sidermex) and PMT (Mexican Piping Producer), Mexican-Japanese joint ventures receiving direct funding. The first will produce heavy steel forging, with an investment of 16 billion pesos and annual production of 60,000 tons. The second, with an investment of 3.8 billion pesos, will produce large-diameter pipe with an initial total output of 22,000 tons in July 1983.

The most urgent problem from the social point of view is that of housing, which will also receive inadequate attention. For this year the Lazaro Cardenas Trust (Fidelac), the organization in charge of housing construction, asked for a budget of 4 billion pesos in order to complete its programs. It was authorized only 610 million.

To date, according to the Commission for the Extended Urban Zone of the Mouth of the Balsas River (Conurba), there is no ordinance handling the housing problem in a systematic and total manner. "The total of all ordinances heretofore implemented," it says, "is insufficient to coordinate a harmonious legal model covering the various aspects and problems inherent in the housing component."

Only 70 percent of all housing units have drinking water, drainage and electricity. The rest are in a precarious condition worst in the communities named Guacamayas and La Mira, as well as in the municipalities of Arteaga in Michoacan and Coahuayutla, La Union and Jose Azueta in Guerrero, to which the urban plan of the extended urban zone extends.

It is also considered that the irregular human settlements have generated conflicts in their own structure, including the incorporation of high-yield agricultural lands to urban uses, which brings with it a high social cost: Scattered and uncontrolled growth in zones inadequate and problematical for providing urban services and the deterioration of highly congested areas.

In regard to areas in decline, the most visible results of deterioration are disappearance of vegetative cover and erosion. These characteristics are present in 26 percent of the extended urban area. Added to the natural wearing away are the changes caused by man's activity, involving an excessive removal of the original vegetation.

Parallel to this is the problem of pollution, the main source of which is the Lazaro Cardenas-Las Truchas Iron and Steelworks. Most of the particles emitted are composed of iron oxides, carbon monoxide and carbon dioxide, and oxides of aluminum, manganese and phosphorous, among others, that are relatively important, both because of their quantity and the high toxicity of most of them. "Although the iron and steelworks have pollution control equipment," adds the CONURBAL plan, "including a cyclone, a gas purifier and an electrostatic precipitator which capture the particles and purify the pollutant gases, it is considered that this equipment either is not now functioning or it is not working properly."

On the other hand, economic activity has undergone profound change relative to its original situation. Lazaro Cardenas concentrates the industries and provides urban services for a wide agricultural region. And through the effects that it has had on the zone, equal to those in Ixtapa-Zihuatanejo, these poles of industry and tourism subject the region's best soils to the pressure of their installations with the consequent changes in their use and market price. An outstanding but not unique example is the island of Cayacal, with land suitable for agriculture that has been transferred to industrial use.

Thus, the low productivity value continues to attract attention: 15,000 pesos annually per hectare. One concludes that 70 percent of the property destined for agricultural use "is still submerged in the lowest levels of production, income and standard of living." That is why most basic products are brought in from other regions.

Fishing, in turn, which ought to be a strong source of jobs due to the abundance of this resource in inland and ocean waters, is hardly practiced, disregarding the lack of support for fishermen. Aside from commercialization dependent on middlemen, the cooperatives are not fulfilling the objectives for which they were created,

That is the reason why even fishermen either agree to fill marginal jobs if they are unable to get jobs as construction laborers, or they must continue to migrate from the zone to other federative entities, including the United States. "The sector of those living at society's margin," concludes CONURBAL, "may begin to grow significantly, producing social and political instability in the interior areas of urban centers caused in part by their recent rural background and by their difficult access to jobs and municipal services."

Rafael Melgoza Radillo, municipal president of Lazaro Cardenas, comments: "We have an exiguous budget: 100 million pesos, insufficient to provide municipal services. We can hardly meet the most pressing needs, not to mention the construction of new classrooms, for example. We have been hit very hard by the devaluation and reduced public expenditures: I cannot deny that with the unemployment the number of robberies, rapes and murders has increased alarmingly. In the face of the inability to solve the problems, it is lamentable that the municipal authority itself has to pretend blindness even to tolerate the merchants' voracity."

An editorial in one of the local newspapers summarizes the situation with this headline: "Terror, anguish, pain and death. Sadness, crying and mourning is the situation prevailing in Lazaro Cardenas and its surroundings." And it asks: "Can it be that our government lacks the capacity to impose law and reestablish order in this zone?"

The inconformity and desperation of the inhabitants appear more and more in the streets--in a city projected toward the future, with wide avenues and mercury lights, but full of garbage and ancient trucks--where demonstrations constitute the only escape for workers, housewives, students and the people in general.

One final item, in the voice of the mayor, as if trying to diminish the anxiety, but not encouraging at all: "Among industrial ports Lazaro Cardenas is least affected by the economic crisis."

9746

CSO: 3010/1798

## INCREASE IN FOOD PRICES CITED

## Many Foods 'Inaccessible'

Mexico City EL DIA in Spanish 24 Jun 82 'Metropoli' supplement p 2

[Article by Margarita Hurtado]

[Text] The basic products forming the Mexican diet experienced a scandalous price rise in the last 6 months, to the point where they are inaccessible in relation to salaries, indicated a group of metropolitan area housewives to METROPOLI on being interviewed in this regard in several public supply centers.

Highly agitated by the daily surprises that they find in the markets, they stated that only merchants, officials and industrialists can afford to include in their daily meals the usual meat, shellfish, milk products such as butter, cream, and cheese and other products, "because they are great luxuries for the people."

For example, yesterday a kilogram of fish fillet was offered in the market for 460 pesos, whereas huauchinango was offered at 400 pesos per kilogram, both in the Vega shops, as well as in the public supply centers of the colonies Cuauhtemoc, San Cosme and Portales.

In the same places a kilogram of large shrimp is for sale at 800 pesos, and small shrimp is 600 pesos.

Among these marine products, the most accessible price was that of river fish, which formerly could generally be bought for 40 pesos per kilogram, but is now valued at 180 to 200 pesos whole, and 240 in fillets.

It should be mentioned that there is a price list distributed by the Secretariat of Commerce, but even when it is posted in the various fish markets, none respects it.

In addition, the difference between the official price of 416 pesos for haddock and that of 460 asked by merchants is not great, but a housewife whose husband receives the minimum salary of 360 pesos and 50 centavos will never be able to acquire a kilogram of this product.



It is no consolation to substitute beef for seafood, since this is also offered at a high price; in some butcher shops the flesh varies between 250 and 20 pesos, whereas a piece with the bone that could be bought for 18 pesos last year is now worth 180 pesos.

The panorama is no better in the poultry market; chicken, the most popular item, is on sale for 90 pesos per kilogram in Ferreria, whereas in the various public supply centers it costs as much as 170 pesos for the flesh, and 130 whole. Can one imagine buying quail?

It is a good idea to turn to fruits and vegetables for the daily diet, except that the prices for these foods have also gone out of sight.

Previously fruits were offered as desserts, now they are luxury articles, given the prices in the markets, including the Jamaica and the Merced supply centers, where a kilogram of mangos is quoted at between 35 and 50 pesos, whereas apples, depending on quality, appeared at 130 to 150 per kilogram.

Red plums are offered to housewives at 100 pesos per kilogram and pears at 60 to 70 pesos, while the humble white Indian fig, the same item that just last year sold off of carts in the various markets for 5 to 10 pesos per kilogram, or at most 25 pesos, now costs 50 to 55 pesos, depending on the zone where the supply center is located.

In regard to greens, they are continuing their upward price trend; a head of lettuce is 15 pesos in the Cuauhtemoc market and 5 pesos in the Jamaica market, while an ear of green corn has the same wholesale price and is 18 pesos in any zone market.

Carrots are quoted at 25 pesos per kilogram and potatoes are 40 to 50 pesos, also depending upon the quality of the product and where they are bought.

It is also expensive just to make a sauce for eating chili tacos, in accordance with a popular custom, due to the fact that a kilogram of tomatoes has shot up to 40 to 60 pesos, while serrano and tree chili, still green, are offered at various prices in the range of 35, 40 and 60 pesos.

#### SECOM Decision on Eggs

Mexico City EXCELSIOR in Spanish 26 Jun 82 p 5-A

[Article by Jaime Contreras Salcedo]

[Text] Yesterday the Secretariat of Commerce [SECOM] announded another adjustment to the "controlled" kilogram price of eggs, situating it at 39 pesos--19 percent higher than the last granted at the beginning of the year; it attributed this increase to the fact that the country's poultry production is being affected by "the season of reduced laying," and that the subsidy is being partially withdrawn for sorghum, one of the basic elements in this sector, according to Alfredo Nolasco Cabral, agency spokesman.

Meanwhile, Everardo Curiel Camarena, president of the Union of Poultry Producers in Jalisco, indicated that this increase is far less than that requested by producers, who would suggest that the price be set at 50 pesos per kilogram. Therefore, they will request another increase.

In addition, Nolasco Cabral noted that if the season "of reduced laying" lasts "there could be another adjustment soon," although he did not specify the timing of the measure.

Without making it known through the Official Daily, SECOM indicated that until last year poultry producers throughout the country had spent almost 5 billion pesos for the purchase of subsidized sorghum, seeing that they acquired a little more than 1.5 million tons at 3,200 pesos per ton.

Nevertheless, at the request of producers themselves, "who complained of deficiencies in deliveries of the material," their subsidy is gradually being withdrawn and the free market price for this product is 5,200 pesos per ton.

That is probably the reason why SECOM, after hearing the poultry producers' petition--endorsed by their National Union--made the decision to increase the kilogram price of eggs by 19 percent in order that the producer can go to the consumer at 35 to 99 pesos.

In turn, the National Program for Consumer Price Information in the same agency reported that the increase was first authorized on the 23rd without it being made known to any office or communications medium.

Speaking on the telephone, Curiel Camarena strongly questioned the official policy of granting new prices, and he indicated that in many cases they serve as a political weapon rather than "in response to the real protection needs for the industry and the sector in general."

He complained about the "risky" nature of this activity, and he noted that in the case of sorghum it is incorrect to say that there is self-sufficiency as claimed by CONASUPO and SECOM, at the same time warning that if the harvests are not as abundant as has been reported, the 1983 deficit will be 1,200,000 tons.

He reported that this year imports were authorized for 800,000 tons of this product--one of the main elements in poultry production--and that to continue in this manner will increase the deficit, as well as the materials required from other countries.

He agreed with Nolasco Cabral in the sense that the period of diminished laying is crucial and that the poultry industry needs public help in the form of credits. However, he assured that there will be no market shortages, since following the price rise the producers made commitments with the authorities to repopulate the farms, "although with such a small price increase very few will be able to do it."

## EXISTENCE OF FREEDOMS IN COUNTRY DESCRIBED

Managua EL NUEVO DIARIO in Spanish 28 Jun 82 p 5

[Commentary by Alfredo Ruscio]

[Text] In Nicaragua there exists not only a mixed economy but freedom of religion and organization as is demonstrated by the fact that some worker organizations and political parties opposed to the Sandinist government participate in the co-legislative organ of the state and also use international media to attack the revolution without being curbed.

The publication of the Central American Historical Institute, a research organ under Jesuit orientation says in its latest issue that "the creation of a mixed economy composed of public and private sectors has been one of the central principles of the Nicaraguan revolution and of the FSLN [Sandinist National Liberation Front] ever since the time when their first political platform was established."

The figures reflected by the publication show that, despite attacks launched from abroad, a mixed economy exists in Nicaragua and is in good health: the state sector controls only 25 percent of directly productive activities and 41 percent of the total gross national product. That is to say 75 and 59 percent respectively correspond to the private sector.

Also the publication states that the important capitalists still control certain key aspects of the productive economy, including 88 percent of coffee production, 85 percent of cotton, 92 percent of meat, 91 percent of chemical production and in the area of industrial investments, estimated at 410,000,000 cordobas (41,000,000) 60 percent is state and the balance private.

Then, the mixed economy in the Sandinist state is a reality. It can be said that it is a liberty in full force.

Of the opposing Nicaraguan forces present in the country, there is one which is outstanding because of its ties with the Reagan administration: the Confederation of Labor Unification (CUS), which receives North American financing through the American Institute for the Development of Free Trade Unionism (IADSL).

And, however, in spite of the ties of CUS with the Reagan administration, the democratic framework offered by the Sandinist revolution allows this organization to function, to have premises and public expressions and a delegate before the Council of State.

In the context of the revolutionary process--which has made possible the creation of 1,182 unions as compared with 138 in the Somoza era and 107,130 union members (previously 27,020)--other opposing forces, such as the Workers Central of Nicaragua and the Conservative Democratic, Social Christian, Liberal Constitutionalist and Social Democratic Parties continue to pursue their activities and to participate in the Nicaraguan co-legislative organism.

The Nicaraguan Democratic Movement (MDN) is a special case whose most important leaders have left the country and while they resort to the rhetoric of "lack of liberties" in Nicaragua, from Costa Rica, their ring leader, Alfonso Robelo, announced the alliance of their organization with the traitor, and therefore the integration of their party in the armed battle against the revolution.

To sum up, 32 social, political, business, religious and labor organizations, representatives of all sectors of national life, participate in the Council of State, but despite that, "liberties do not exist" in Nicaragua, in the facetious slang of the local Right. As Commander Tomas Borge said at one time, the problem is that the Nicaraguan Right "Still lives in pre-history, they are still not civilized."

To speak on the theme of liberties in Nicaragua without mentioning the church is impossible. Freedom of religion in force in the country, reflected in the participation of Christians through ecclesiastic communities and organisms such as Eje Ecumenico and the Ecumenical Center for Development Assistance (CEPAD), is also expressed in the conclusions of the Second Congress of the Christian Conference for Peace recently held in Managua: "Nicaragua is the only place in Central America where one can speak openly on the problem of peace."

Making use of the liberties in force, the bishops' conference of Nicaragua has issued critical comments on the revolution. An example is the condemnation of the relocation of the Miskito Indians on the Atlantic coast who were suffering from the harassments of the counterrevolutionary bands to whom the clergymen refer as "political adversaries" of the Sandinist government.

The position of the hierarchy of the Catholic Church had broad repercussions in the national press (and of course in the international press): in the framework of the revolutionary laws.

The supposed lack of liberties in Nicaragua is converted into hairsplitting discussions when the Nicaraguan reality is compared with that of other Central American countries. In El Salvador and Guatemala they continue the massacres against the people, and in Honduras they have come to the point of detaining a member of a French humanitarian organization ("Doctors without Frontiers") for helping Salvadoran refugees from "La Virtud."

In Nicaragua, even within the framework of the emergency in force since 15 March last year, fundamental liberties are respected: the abolition of the death penalty is maintained, every person's right to physical and moral integrity is respected, nobody can be tortured nor can be the subject of coercive means which can curtail his liberty of thought, conscience or religion, according to Articles 5, 6, and 19 of the Nicaraguan Basic Statute, which have not been affected by the law.

The fact that liberties are in force in Nicaragua has been proven "in situ" by the Conference of Christians for Peace, the Inter-American Commission on Human Rights, representatives and senators of the U.S. Congress and all men of good will who have trodden the soil of Sandino since the triumph of 19 June 1979.

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CSO: 3010/1887

## CIA TRYING TO 'SILENCE' MAGAZINE 'SOBERANIA'

Managua EL NUEVO DIARIO in Spanish 29 Jun 82 p 5

[Text] The president of the Central American Anti-Imperialist Tribunal (TACC), Dr Guillermo Toriello, on being interviewed by telephone at his home in Mexico, stated that "the CIA will use all its resources, legal and illegal, in an effort to silence SOBERANIA, organ of TACC, and therefore orchestrated a criminal demand against the director."

Toriello was foreign minister of Guatemala during the democratic government of Jacobo Arbenz, overthrown by a coup, planned and executed by the CIA in 1954.

He pointed out that in the last issue of SOBERANIA, the journalist David Armstrong sent to his colleague Freddy Balzan a news article entitled "In Nicaragua the CIA Finances the Opposition..." in which he makes known important revelations obtained in Washington which mention business, labor, political and religious groups and persons who have received more than \$2,000,000 from the CIA to forestall the revolutionary process.

Toriello indicated that not only the content of this article but the entire magazine has been received with "strong indignation" by President Reagan and the CIA, since the names of more than 240 agents and officials of this North American espionage ring who undertake their dirty work in 23 Latin American countries and the Caribbean are mentioned.

"The very declarations of the U.S. ambassador in Nicaragua, Anthony Quainton, are proof of that, as he personally complained to the director of EL DIARIO, Eng Xavier Chamorro, that the magazine SOBERANIA is provoking worry and indignation to his country's government.

"Thus," he concluded, "we not only repudiate in the name of TACC the maneuvering of the CIA against the magazine SOBERANIA, but also express all our support and unconditional solidarity with our executive secretary and director of our publication Companero Freddy Balzan, who furthermore just received a few months ago the highest award of the International Organization of Journalists (OIP), the "Julius Fucik" medal for his contributions to the struggles of nations and the safeguarding of world peace."

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CSO: 3010/1887

## FDN REPORTS SEIZURE, OCCUPATION OF TOWN

PA221932 (Clandestine) Radio 15 September in Spanish to Nicaragua 0230 GMT  
21 Jul 82

[War Bulletin No 10 of the Nicaraguan Democratic Force dated 19 July--read  
by announcer]

[Summary from poor reception] "To the heroic people of Nicaragua and the  
free peoples of the world:

"The Nicaraguan Democratic Force, FDN, complying with our duty to keep the  
people duly informed about the course of our anticommunist guerrilla opera-  
tions, informs our people of the latest operations carried out by our forces  
of true liberation.

"On Saturday, 17 July, FDN guerrilla commandos occupied and held for 6 conse-  
cutive hours the town of San Fernando, located some 30 km from Ocotal."  
In the early morning hours of that day, "specialized freedom commandos,  
after completely cutting the communist enemy's communications, assaulted the  
town, rapidly and efficiently neutralizing all the strategic posts of the  
genocidal corps of the dictatorship.

"Our freedom commandos immediately proceeded to take over the municipal  
building, eliminating the five Marxist night guards on duty. Once this  
communist stronghold was taken, it was burned to the ground, thus resulting  
in the destruction of the offices of the evil Sandinist Defense Committees,  
CDS; the communist youth; the Nicaraguan Telecommunications and Postal  
Service Institute, TELCOR"; and others, all organizations that serve the  
Frontist dictatorship and its foreign mercenaries.

Some minutes later, a contingent of some 30 militiamen, "coerced by the mangy-  
dog thugs and paid assassins of the Interior Ministry," arrived, but fled  
minutes later on realizing that any resistance would be useless. They left  
behind their Czechoslovakian-made service weapons.

We have been informed that the FDN sustained no casualties in the operation.  
The FSLN dictatorship had 12 killed, including (Jesus Perez Cortes), a  
member of the sinister State Security Organization, in payment for the crimes  
committed against the Nicaraguan people.

Once the town of San Fernando was completely under our control, its almost  
3,000 residents joyfully came out of their houses to cheer us.

CSO: 3010/1989

## ODCA OFFICIALS MEET WITH OPPOSITION LEADERS

## Support for Social Christians

PA140115 Panama City ACAN in Spanish 0015 GMT 13 Jul 82

[Text] Managua, 12 Jul (ACAN-EFE)--Ricardo Arias Calderon, the Panamanian president of the Christian Democratic Organization of America (ODCA), and the Venezuelan Aristides Calvani, secretary general of the ODCA, are in Nicaragua to express solidarity with the Social Christians of Nicaragua.

The visit by the political leaders is the result of a resolution adopted by ODCA in Quito several weeks ago at a meeting which Adan Fletes, president of Nicaragua's Social Christian Party, could not attend because he was barred by his government from leaving the country.

Political sources revealed to ACAN-EFE today that Arias Calderon and Calvani will meet tomorrow, Tuesday, with leaders of Nicaraguan opposition political parties and organizations. The meeting will be attended by representatives of the Nicaraguan Democratic Coordinating Board (CDN), which is composed of three dissident parties, two non-Sandinist labor centrals, the country's opposition private business sector and a delegation from the Democratic Conservative Party of Nicaragua.

During their visit Arias Calderon and Calvani have expressed interest in the situation of five Social Christian leaders who are under arrest for participating in activities that violated the law on the maintenance of order and state security.

## ODCA Communique

PA160355 Panama City ACAN in Spanish 2236 GMT 15 Jul 82

[Text] Panama City, 15 Jul (ACAN-EFE)--Ricardo Arias Calderon, a Panamanian who is president of the Christian Democratic Organization of the Americas (ODCA), said here today that Nicaragua "is again experiencing a dramatic situation." According to Arias Calderon, this situation "includes incursions in the North Atlantic area by over 1,000 fighters equipped with modern weapons, which has left dozens of casualties on both sides."



Arias Calderon and Aristides Calvani, a former Venezuelan foreign minister who is ODCA secretary general, visited Nicaragua this week to obtain information about the fate of five members of the Social Christian Party who are in prison. They met with Commanders Bayardo Arce and Tomas Borge of the FSLN National Directorate, and requested the release of the Christian Socialists.

An ODCA communique issued in Panama states that "they were told, in terms that hinted at a positive answer, that a decision would be made after 19 July." According to the communique, Arias Calderon and Calvani noted in Nicaragua "great disquiet on the part of the population" and "other opposition activities" in addition to the incursion in the Atlantic area.

The communique adds that in their talks with the Sandinist leaders, the ODCA president and secretary general recommended that the media be given freedom and political parties be allowed to exist, because without this, "pluralism and democracy are mere words."

CSO: 3010/1944

## BRIEFS

OBANDO CALLED PEOPLE'S LEADER--Nicaragua already has a leader. He is a man with real moral, patriotic and Christian convictions who, like all Nicaraguans, has a tradition of fighting hatred. He is a man who understands his people's plight. He is aware of their misery, their suffering and their terror and fears. He accepts the challenge posed by his enemies with more than courage--with bravery and gallantry. He is the leader of the people--the poor, the well-to-do and the rich. He is the man who, wherever he goes, utters words that reflect love in full splendor. He has helped and served wholeheartedly and has also forgiven and forgotten. This man, who is loved and respected by the Nicaraguan people, is a true redeemer from slavery, sin, fear and dread of death. Monsignor Obando y Bravo plays and will continue to play a decisive role among the Nicaraguan people. He has rescued the Church from Marxist divisionism and from the various Marxist maneuvers and methods with which the Marxists have tried to destroy it in their efforts to bring about class struggle through an ill-named church of the poor. The Nicaraguan democratic forces, like our people, have but one leader. He is the spiritual leader of all Nicaraguans, the bulwark of thousands of Christians and the hope of countless Nicaraguan men and women. [Excerpts] [PA170121 (Clandestine) Radio 15 September in Spanish to Nicaragua 0230 GMT 14 Jul 82]

AMBASSADOR TO CUBA DENOUNCES U.S.--Marcos Antonio Valle, Nicaraguan ambassador to Cuba, told this radio station that the attacks of counterrevolutionary bands against defenseless towns and Nicaraguan military posts are a new phase in the aggressive escalation of Yankee imperialism against the Sandinist people who on 19 July will celebrate the third anniversary of the triumph of their revolution. Valle said that the military equipment that the Somozists have could only have been supplied by Washington and that in its helplessness in the face of the revolutionary advance in Nicaragua, Washington has not spared ways or means to hinder progress in that country. Valle also denounced the attitude of surrender of the Honduran Government that, in alliance with the United States, helps the counterrevolutionary bands that attack Nicaragua. He stressed that on its third anniversary the Nicaraguan revolution has the support of most of the governments of the world, and added that all those governments that subject their peoples to bloody exploitation could become accomplices in the aggression against the people of Augusto Cesar Sandino. [Text] [PA172326 Havana International Service in Spanish 1600 GMT 17 Jul 82]

NEW DEPUTY LABOR MINISTER--The Junta of the Government of National Reconstruction [JGRN] has published in the official gazette DIARIO OFICIAL the appointment of Dr Benedicto Meneses as deputy labor minister. Officials of that ministry confirmed that he was sworn in yesterday as deputy labor minister in the presence of JGRN members. Labor Minister Virgilio Godoy Reyes and other government officials were present at the ceremony. Dr Benedicto Meneses, who held the post of general director of labor for many years, is replacing Edgar Macias. [Text] [PA171906 Managua Radio Mundial in Spanish 1730 GMT 16 Jul 82]

COPPPAL HEAD STATEMENT--Pedro Ojeda Paullada, president of the Institutional Revolutionary Party, PRI, of Mexico, said the counterrevolutionary infiltration in Nicaragua is serious, imminent and violates the principles upheld by the Permanent Conference of Latin American Political Parties, COPPPAL. Ojeda Paullada, who is also president of COPPPAL, stressed that the bonds of friendship and cooperation with the Sandinists will continue strong, as Mexico defends the principles of democracy, self-determination and solidarity with the nations of the continent. The Mexican leader, who attended the commemoration of the third anniversary of the Sandinist revolution, noted that in view of the difficult situation of Nicaragua and the threat of internationalization of the Central American conflict, COPPPAL will try to prepare better and more effective political actions. [Text] [PA222131 Managua Radio Sandino in Spanish 1200 GMT 22 Jul 82]

CORDOVA RIVAS STATEMENT--Managua, 15 Jul (ACAN-EFE)--Rafael Cordova Rivas, member of the Nicaraguan Government junta, told ACAN-EFE today that "the best political response at home that one can give to the invasion of Nicaragua is national unity." He said that Nicaragua is being invaded by the former National Guard, "which is returning for revenge, and not by elements of the so-called counterrevolution." Commenting on charges made by several Nicaraguan commanders to the effect that the groups that have penetrated Nicaragua are coming from Honduras, he said that a protest will probably be lodged against that government when Foreign Minister Miguel D'Escoto returns from Lebanon. [Text] [PA171622 Panama City ACAN in Spanish 0029 GMT 16 Jul 82]

CSO: 3010/1989

## BELAUNDE ACCEPTS IMF ECONOMIC SUGGESTIONS

Lima EL COMERCIO in Spanish 28 Jun 82 p A-4

[Text] The government has accepted the conditions laid down by the International Monetary Fund, deeming them necessary and conducive to improving the country's economic health, President Fernando Belaunde Terry said yesterday.

The president stated that the recommendations are not ultimatums given to the government and cannot be considered as harsh. "Like a doctor, the Fund has issued prescriptions that we can accept or reject. We have opted for them because we agree with them," he added. The chief of state said that the IMF recommends moderate spending, the greatest possible austerity, order in public finance and avoiding inorganic issuances of money.

"There are circumstantial nuances because there are things that can be done at a given time and not at others, but in general, we have a healthy understanding," Belaunde Terry said at his customary Sunday conference at the Government Palace.

## Public Enterprises

Taking up the subject of public enterprises, the president said that they have been somewhat "travestied" and that he personally thought that part of the public enterprises should remain under state control.

"Others might be transferred to private ownership in the future if it is feasible and if private interests have their own money. After all, public enterprises cannot be bought with the government's own money, using loans from the Development Bank," he added.

The president said that PEPESCA [Peruvian Mixed Fisheries Enterprise] is being reorganized in order to be offered to private bidders, that the La Puntilla cannery will be leased, that CENTROMIN [Central Peruvian Mining Enterprise] is withstanding the metal price crisis and that the Peruvian Iron Company is an example of a profitable public enterprise.

## "No" to Control

Regarding future price readjustments, he said that they would continue to be made along with wage and salary adjustments because that was the system chosen.

The alternative was to control prices and freeze exchange, he explained. "Our experts say that such a measure would alienate capital from our country and that there would then be no jobs."

The chief of state emphasized that the lesser evil had been chosen.

On that point, he said that if the Statistics Directorate learns that the announced percentage readjustment in wages and salaries for July is different from the rate of inflation, an immediate rectification would be made.

Belaunde Terry indicated that work must proceed with caution because "if we get carried away, inflation will rise."

He said that based on double-digit interest, quarterly increases in income are 10 percent, which would not even yield 40 percent annually, given the increase in the cost of living.

The president said that the minimum living wage is not higher in order to encourage hiring in the productive system. He added that most people in the country earn more than the minimum living wage and that to raise it would be counterproductive and harmful to the worker himself.

#### Fewer Trips

He also said that there may currently be some abuses and unnecessary foreign trips abroad by public officials, going against the austerity measures announced and sought by the Executive Branch and Congress.

Although he said that the final figures do not show a significant number of trips, given the modern times in which we live, the president is personally seeing that there is no unnecessary spending of this nature.

#### Elections and PPC

In the face of the coming municipal elections, the president and head and founder of the Popular Action Party (AP), he said that he saw no reason not to come to an agreement with the Popular Christian Party (PPC) in order to unite.

However, he said that each party should consult the rank and file and that nothing has been decided yet.

The president said that at a recent luncheon with PPC leaders, the discussion centered on various topics and that only at the end, with Dr. Luis Bedoya Reyes, had they taken up the two departments which that party has in the Cabinet, as well as possible candidates that the PPC would propose in July.

Belaunde Terry said that there is harmony and not fighting in relations between the government and the PPC, which is in the country's interest.

In answer to a question about statements by the president of the Senate, he explained that specific officials with responsibility in the administration who are not in agreement with what is done would have to resign in order not to be unfaithful to themselves.

He denied that these posts necessarily have to be occupied by AP members. He mentioned ministers Kuczynsky and Grados, their deputy ministers and government officials who do not belong to the AP. "We welcome them as long as they work with our ideas," he said.

#### Major Rectification

Concerning the new American secretary of state, he added his comment (to that of Saturday) to the effect that George Shultz could bring about a major rectification in inter-American relations based on great multinational and binational undertakings.

He said that even if our economy is well balanced, the time has come for joint planning in order to step up trade in the hemisphere. Even Latin American countries could achieve this in their own areas, without destroying the OAS, which he said should be maintained because of the common continental interests that exist.

Concerning Secretary of State Shultz, he said that the consulting firm he now heads is working on the Mantaro channel and the Sheque hydroelectric project. Under his previous government, he recalled, it had done the feasibility study for the Aguaytia gas deposit and under the military regime, the study for the northern pipeline.

Regarding the smuggling discovered in Tacna, he said that Deputy Minister of Interior Hector Lopez Martinez has been unjustly charged. "He has asked for an investigation and one will be made because we have an independent judicial branch," the president concluded.

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CSO: 3010/1914

## MINES MINISTER SAYS BUDGET DEFICIT TO EXCEED 100 BILLION SOLS

Lima EL COMERCIO in Spanish 1 Jul 82 p A-4

[Text] Minister of Energy and Mines Pedro Pablo Kuczynski said yesterday that the budget deficit will exceed 100 billion sols by the end of July, due, among other things, to the payment of \$180 million for service on our foreign debt for the final quarter.

He said that by the end of the year, the deficit could be 300 billion sols after the application of the recently ordered austerity measures if there is strict handling of public finances and even "if we are lucky enough that the economy of the United States improves. Otherwise," he said, "it may be even greater."

Kuczynski, speaking as acting minister of economy, finance and trade, said that he had joined with President Fernando Belaunde Terry yesterday in analyzing the behavior of the budget during the first quarter, during which time the deficit was 20 billion sols, a figure the minister called insignificant.

He explained that the gap will be widened this month because of greater unbudgeted outlays such as the equalization of government employees' salaries and wage adjustments for that same sector this quarter.

Another major expenditure is the payment of \$180 million for service on our debt. In addition, the prices of minerals and export products have dropped, meaning less revenue. "This is causing losses and eliminating the profits of government enterprises."

The minister said that the problem has its cause in the American economy and that the situation should improve as a result of domestic pressure in that country and in Europe.

Regarding our own problem, he said that there must be an awareness of austerity in order to cut down on spending and save to the maximum extent.

He noted that the measures taken are the same in countries with a free economy, whether capitalist, socialist, centralized or joint public and private, and that in Peru, there are no economic alternatives, but rather, variations on the same theme.

## Price of Copper

The minister said that at the CIPEC [Intergovernmental Council of Copper-Exporting Countries] meeting this month in Lima, Peru will propose a study of the creation of a realistic copper price to be used by copper-exporting countries.

Concerning a possible common front with Chile to protect the price of copper, he said that while it is being discussed, Chilean officials question the extent to which such a measure could be successful.

When asked about the new American secretary of state, Kuczynski said that in addition to his broad experience in international affairs, he is an official who recently visited Peru on a private basis and is consequently aware of our situation.

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CSO: 3010/1914



## CENTRAL RESERVE BANK READY TO NEGOTIATE \$1.9 BILLION LOAN

Lima EL COMERCIO in Spanish 30 Jun 82 p A-15

[Text] The Peruvian Government is ready to negotiate foreign loans this year amounting to \$1,892,000,000, in addition to the \$2.5 billion Congress has authorized for this fiscal year, making a total of \$4,392,000,000.

By the middle of June, the Foreign Debt Department of the Central Reserve Bank, which keeps track of negotiations and the country's debt capacity, had recorded commitments totaling \$1,806,400,000.

Of the total, \$654.4 million are earmarked for projects approved by Congress, while \$952 will cover amounts subscribed with the International Monetary Fund and \$200 will correspond to the Arab-Latin American Bank (ARLABANK) through a loan arranged with several international banks.

In an interview with this newspaper, Felipe Reategui, head of the Foreign Debt Department of the CRB, revealed that during the remaining months of the year, negotiations will be conducted with various financing sources on a number of loans already identified and which will not exceed the sum authorized by Congress in the General Budget: \$2.5 billion.

However, in addition to these loans, another \$350 million will be sought from different banks for specific projects, \$40 million for the Majes project and \$350 million from Wells Fargo in a combined operation that has been questioned because of the high interest rates. The loan will be used to finance the Peruvian share of a number of projects that cannot be covered by the budget. Reategui abstained from expressing any opinion on the interest charged, saying that it was due to political decisions. Nevertheless, he added, conditions are imposed by the international money market.

## Rates

The budget states that foreign loans must involve an interest rate no greater than 1.25 percent above that used for the LIBOR, or the prime rate. However, Wells Fargo has proposed 1.5 percent, plus a series of commissions including a commitment fee of .5 percent, handling 1 percent, administration .25 percent and another one-time commission of \$120,000.

Recent rates with ARLABANK on a loan of \$200 million were only 5/8 over the current prime rate, plus another commitment fee of .25 percent, handling .75 percent, administration 1.8 percent and a fee to the agent bank of \$122,500.

#### ARLABANK

This loan from the Arab Bank was subscribed on 4 June with the Central Reserve Bank to support the balance of payments. Of the \$200 million, only \$100 million are said to be earmarked as an interim, short-term arrangement, while the Issuing Institute obtains funds from other sources, such as the IMF.

This type of operation, arranged by the CRB, does not require congressional approval, like those with the IMF. Likewise, such funds are not considered as part of the amount of the public debt because they are not paid out of the Treasury. The debts in question do not affect the national budget. The Central Bank must find the dollars to pay these debts on the national market, according to the explanation given.

In addition to the \$350 million being negotiated with Wells Fargo and a second loan of \$40 million, also in the hands of this bank for the Majes project, there is another package of loans for \$350 million for various government undertakings, but without government backing. Although the sources of financing have not been identified, Reategui said they will probably come from private banks and suppliers.

#### The \$654 Million

With respect to loans forming part of the \$2.5 billion authorized by Congress, 51.4 percent of the sum of \$654,438,000, already agreed upon since mid June, is from private banks (\$336 million) and the difference is from official agencies (\$68.3 million; 10.4 percent), governments (\$16.8 million; 2.6 percent), international organizations (\$149.3 million; 22.8 percent) and suppliers (\$83.7 million; 12.8 percent).

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CSO: 3010/1914

## BANK PREDICTS CONTINUOUS GROWTH IN NATIONAL ECONOMY

Lima EL COMERCIO in Spanish 1 Jul 82 p A-4

[Text] The national economy will continue to grow this year despite domestic and foreign difficulties, the Central Reserve Bank announced yesterday.

The report issued by the Central Reserve Bank thus repeats the views on our economy expressed by the president of that organization, Richard Webb, at the Fourth Economic Conference held in Trujillo.

The report states that we have a 6- to 12-month international recession ahead of us and that the balance of payments is under control. Imports will be down compared with last year, there will be a gradual reduction in the rate of inflation and slow but definite growth, especially in agriculture and construction.

The bank states that the path to be followed in the immediate future is an intermediate path between inflation and recession. "It is practically a balancing act because we cannot tolerate either one."

The report then reviews events in recent months:

- 1 -- Although the rate of inflation has not been reduced, it has been stabilized at 60 percent and the process has not gone out of control.
- 2 -- A difficult balance of payment situation began last year as the result of the impact of the international crisis and a high level of imports to revive the very production apparatus, which is a matter of concern.
- 3 -- The revival of production is frustrating. Progress is much slower than anticipated. We must avoid a new balance of payments crisis, which is the main problem.
- 4 -- In the fight against inflation, the bank decided last year -- rightly or wrongly -- not to apply a monetary policy so that inflation would not get out of control.

The bank also maintains that a restrictive policy would have done little to control inflationary forces.

## Control Measures

The report then details policies being applied to overcome the crisis:

It indicates, first of all, that on the international front, in addition to the monetary control of added demand, the exchange parity is improving. "In other words, a realistic rate of exchange has been adopted based on internal inflation."

It goes on to state that exports are growing more competitive and that national industry is being protected against cheap imports.

The report emphasizes that another aspect is the subsidy to nontraditional exports, based on loans signifying an increase of 8 percentage points over the current level of CERTEX [Export Certificates] (18 to 20 percent). It states that this subsidy has been extended to agricultural products, being broader and healthier for the economy.

The report notes that regarding the balance of payments, we shall benefit from investments from new oil contracts and the investments of current contractors. The document reveals that oil investments total an estimated \$350 million.

Regarding the monetary program, the report explains that a goal of a 30-percent annual increase in liquidity has been considered. It adds that during the first 6 months of this year, the level was 10 percent.

Finally, the bank states that there is strict compliance with the resolution of the bank's board, which is not to extend credit to the Treasury to finance the budget of the Central Government.

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CSO: 3010/1914

## SENATOR UNDERLINES ACHIEVEMENTS OF CURRENT ECONOMIC POLICY

Lima EL COMERCIO in Spanish 30 Jun 82 p A-4

[Text] Populist Senator Fernando Calmell del Solar said yesterday that the unorthodox economic policy that is being applied in this country is yielding positive results, as reflected in the "economic indicators."

He pointed out, however, that the fruit of this effort cannot be obtained quickly, as we would all prefer. "But we are improving," he said, "and we are moving gradually toward our goals."

The populist representative explained that for some time the country has been enduring a "very great" economic crisis that is difficult to manage because of the influence of the international market on the prices of our major exports.

Calmell del Solar explained that if we were receiving 1980 prices for our minerals, "we would not now have such enormous problems with our balance of payments and our revenues," he said.

## IMF

The legislator scored the International Monetary Fund (IMF) for "imposing conditions" for granting loans.

"I think the IMF can express its points of view, and if the sovereign nation considers them valid, it can choose to adopt or reject those policies. There can be no ultimatum," he said.

## Silver

He also expressed full support for President Fernando Belaunde Terry's refusal to sell silver for less than \$8 per ounce.

He explained that that price would be enough for the producer to recoup his investments. "To sell for less per ounce would mean selling a little of his own capital with every ounce of silver," he asserted.

He commented that silver producing countries should sign an agreement on their activities on the international market in order to obtain a better price for silver. "Selling the metal at \$5 per ounce means promoting the bankruptcy of mining enterprises," he said.

## GOVERNMENT DECREES 9 PERCENT WAGE INCREASE

Lima EL COMERCIO in Spanish 26 Jun 82 p A-4

[Text] The government decreed a 9 percent increase in the wages and salaries of civil servants and workers not subject to collective bargaining agreements. The new raise will take effect next 1 July.

The announcement was made yesterday by the chief of the cabinet and minister of economics, finance and commerce, Manuel Ulloa Elias, at the end of the council of ministers that met at the Government Palace.

Ulloa also announced that despite the hard economic times we are undergoing, "there will be no recession in this country." He pointed out that the new increase is based on the "small adjustments" that will be made for some products over the coming 3 months. "We hope the 9 percent will cover the inflation level," he stated.

## Warning

He also issued a warning to labor unions to act with more "moderation and prudence" during these times of crisis, and not make "totally unrealistic" demands. He noted that the only thing that would accomplish would be "to threaten the stability of the labor market, destroy businesses and provoke a national crisis."

Referring specifically to the list of demands presented by the Federation of Bank Employees, Ulloa Elias stated that the government is willing to take "all necessary steps, including emergency measures, to protect production and maintain the pace of work and economic activity in the country."

## Inflation

Without quoting statistics on inflation, he said that the 3.3 percent growth of the GDP "is quite encouraging," and announced a series of measures that "are already prepared," in order to control inflation.

He explained that these measures, which will be disclosed today or tomorrow, are aimed at curbing spending and increasing revenues.

He said that if buying power drops by the end of this quarter, "the necessary adjustments will be made so that buying power will not be lost."

#### Full Employment

In answer to questions, Ulloa indicated that the government's main concern at this time is "to maintain full employment, shore up buying power and continue laying the foundations to expand productive activity in all sectors of the economy."

He expressed concern about the trends in prices for our principal exports, stressing that copper and silver "are at the lowest points they have reached in 100 years."

He pointed out that other products such as sugar, which has begun to gain ground in this country, "are practically at rock bottom" prices on foreign markets.

However, he noted, it is encouraging to see that the non-traditional exports sector has grown compared to last year. "This means that in spite of the protectionist policies that are being pursued abroad, our government's policy of promoting non-traditional exports is bearing fruit," he said.

#### Measures

Emphasizing measures to combat inflation, he said that for the most part these measures are contained in the Austerity Act, which was rejected by Congress. "Those who want a law will have to wait until the next session," he added.

The minister indicated that the country's economic situation is certainly "not good, and there are a lot of problems." "The government, however, will not abandon the people," he added.

"We recognize that some of our spending is inflationary, but we are not going to cause a recession, nor are we going to renege on our commitments, such as housing, health and road construction," he said.

He maintained that such projects will be carried out "even if we have to live with inflation for a while."

#### Credit

He also reported that this year loans amounting to \$500 million will be obtained from the World Bank and the Inter-American Development Bank. This means that our plan to receive \$5 billion between 1981 and 1983 "will be realized."

#### Smuggling

With regard to recent accusations of smuggling, Ulloa claimed that those who committed this crime will be prosecuted and punished.

"Smuggling is one of the things we are working on, and we will pursue it with all due firmness and severity," he stated.

Remarking on the initiative of President Fernando Belaunde Terry regarding assistance by the United States for the nations of Latin America, similar to the Marshall Plan, he explained that "we do not accept or propose any kind of aid from industrialized nations that would impinge on our sovereignty, or anything that would be incompatible with our national honor or Latin American honor."

#### Trip

Ulloa announced that today he will travel to Washington, where he will meet with the president of the World Bank and the director of the International Monetary Fund in order to discuss Peru's relations with the two institutions.

Monday he will go to Berlin to attend the Assembly of Governors of the Inter-American Development Bank, where the U.S. position on the bank's problems stemming from a lack of economic resources will be determined.

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CSO: 3010/1913



## MINISTER REPORTS 7.1 PERCENT GROWTH IN AGRICULTURAL SECTOR

Lima EL COMERCIO in Spanish 2 Jul 82 p A-4

[Text] During the first quarter of this year the agricultural sector registered a growth of 7.1 percent, and it is possible that by the end of 1982 it will have reached a monthly average of 4 percent. That is 1 percent higher than the minimum indices advisable for the sector, reported Agriculture Minister Nils Ericsson Correa yesterday.

In statements made at the end of the Weekly Sector Meeting at the Government Palace, the agriculture minister indicated that these figures, except for the first quarter statistics, are just estimates; they cannot be definitively predicted in advance, although he stressed that agricultural production has performed favorably to date.

With reference to rice, for example, he noted that the production and supply situation is good, although he blamed distribution deficiencies on the marketing sector.

In that regard, he confirmed that studies are being finalized to seek new distribution mechanisms that will counteract the blockade or lack of cooperation from retail outlets. He explained that many retailers purchase high quality rice instead of the standard grade, for which the government is continuing its policy of lowering subsidies, although they are not being eliminated altogether.

Defending the importation of the product despite the current rice "bonanza," Ericsson remarked that it is necessary because the government must take advantage of soft foreign credits available exclusively for the purchase of that product; otherwise, such credit will be lost. He also noted that these imports are being made to ensure at least a 5-week supply of rice in case any future problems with the "second half" harvests in La Selva and the so-called "small" harvest in the North.

Still referring to rice, the minister termed irresponsible statements by American Revolutionary Popular Alliance (APRA) Deputy Alfredo Santa Maria Calderon to the effect that the rice policy is wrong.

The minister pointed out that the legislator "has criticized a policy that does not exist; he thought it should be more extensive, according to his statements."

## Lumber

The agriculture minister reaffirmed that a \$35 million loan from Canada is in the works (\$15 million of it is nonrefundable and the rest is on easy terms), to provide a boost for the lumber and forestry sector.

That support will include technical advice on forestry management and the improvement of methods of training national experts in forestry treatment, both at the Ministry of Agriculture and the Pichis-Palcazu Project.

## Sugar

Ericsson said that sugar prices are in line with the world market, while domestic consumer prices are extremely "low."

He also remarked that agricultural production cooperatives have once again been authorized to export the product, through the derogation of D.S. 220 of 1980, enabling these entities to sell their product abroad directly.

He noted that the National Enterprise for Industrial Marketing (ENCI) has remained outside this activity.

## Fertilizer

Ericsson Correa said in closing that a supreme decree was issued last week to allow the free importation and domestic marketing of fertilizer. The fertilizer will be entrusted to producers through their associations, cooperatives and committees. ENCI also remains just another marketer in this area, in charge of the sale of fertilizers processed by state enterprises, he said.

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CSO: 3010/1913

## NONTRADITIONAL EXPORTS EXPECTED TO LOWER INFLATION RATE

Lima EL COMERCIO in Spanish 27 Jun 82 p A-4

[Text] Minister of Economics, Finance and Commerce Manuel Ulloa revealed yesterday that as a result of an increase in our non-traditional exports, it is expected that inflationary indices will drop to 9 percent during the third quarter, from the 12 percent registered between January and March.

He said that this significant drop in inflation will come about because of a growth of about 19 percent in our non-traditional exports, compared to the same period of last year.

"The decline we expect in inflation will no doubt give a strong boost to our economy," added the minister at the press conference he gave at the Jorge Chavez Airport just before leaving for Washington and Berlin on an official trip.

He claimed that despite the fall in copper and silver prices on the international market, the prospects for improving the Peruvian economy basically lie in the expansion of our trade.

Then he urged more work, more cooperation and especially care for our workplaces, "because the whole country has been battered, and it needs a zealous effort." He asserted that the recently decreed raise in wages is in line with the current inflation rate.

He promised, however, that if any wage adjustments have to be made due to unforeseen circumstances, it will be carried out "anyway."

Later on he praised the work of the Ministry of Energy and Mines, "whose decisive action, along with its counterparts from Mexico and Canada, prevented the United States from continuing to sell its silver reserves."

He observed that the government is not obtaining credit at its whim. He affirmed that Congress has set a ceiling of \$2.5 billion for this year, "and we definitely cannot go beyond that figure."

When a reporter asked him if he would give up his position as premier for the presidency of the Senate, he commented: "They have moved me from one

post to the other so often, but I will stay where I can best serve the country."

#### Tour of U.S. and Europe

With respect to his trip, the minister noted that in Washington he will meet with the president of the World Bank and the director of the IMF. He indicated that he will then travel to Berlin to attend the meeting of Inter-American Development Bank governors.

He said that at that meeting the progress of the bank will be analyzed. He pointed out that the bank, even when meeting its obligations, runs the risk of encountering difficulties if the United States does not cooperate more closely with it.

Afterwards, he will make an official visit to the Federal Republic of Germany.

#### George Shultz

Commenting on Alexander Haig's resignation as secretary of state of the United States, he said that Haig did not have a pleasant time with Latin America. "He was not familiar with it, and did nothing to learn more about it," he emphasized.

He expressed the hope that with George Shultz a new turn can be taken in relations between the United States and Latin America, "because of his experience and because he knows this region."

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CSO: 3010/1913

## BRIEFS

UNESCO DIRECTOR ENDS VISIT--Castries, St Lucia, 20 Jul (CANA)--Director-general of the United Nations Educational, Scientific and Cultural Organisation (UNESCO), Amahdou Mahtar Mbow, was leaving St Lucia today for Jamaica for 2 days of discussions with Prime Minister Edward Seaga. There, Mr Mbow will also meet the minister for education and culture to review the country's specific problems related to education, an announcement said. The UNESCO director-general, who spent the past 3 days in St Lucia meeting the education ministers from the region, has already visited Grenada. He will again be joining regional ministers responsible for UNESCO affairs in Mexico next Monday at a conference called to examine the question of the development of culture in all its aspects. The conference to be attended by the 158 member states of UNESCO is a follow-up to discussions which have started in the region on the role of culture in developing societies. [Text] [FL202145 Bridgetown CANA in English 2141 GMT 20 Jul 82]

BRITISH GRANT--Bridgetown, Barbados, 21 Jul (CANA)--Britain has approved a supplementary grant of \$300,000 (1 EC dollar; 37 cents U.S.) for the St Lucia Government, it was officially announced here today. The British high Commission here said the money approved on 1 July was to help the St Lucia Government maintain its heavy duty vehicles. In October 1980, Britain gave the St Lucia Government \$1,272,000 to purchase new equipment, including nine lorries and two dump trucks, needed by various departments. There is now urgent need for spare parts in order to keep this equipment, plus other machines in use, and also to enable the schemes workshop to establish a planned plant maintenance system, the high commission said. [Text] [FL211725 Bridgetown CANA in English 1702 GMT 21 Jul 82]

CSO: 3025/1127

## CATO SAYS CBI WOULD WORK WITH MODIFICATIONS

FL202224 Bridgetown CANA in English 2151 GMT 20 Jul 82

[Text] Kingstown, St Vincent, 20 Jul (CANA)--Prime Minister Milton Cato of St Vincent and the Grenadines says he believes the Caribbean Basin Initiative (CBI)--a U.S. backed aid plan--can work provided there are important and significant modifications and improvements.

Mr Cato expressed the view while addressing trade unionists. He said the CBI--under which Washington is offering regional countries an additional (U.S.)\$350 million this financial year, American businesses tax credit for investing in the area, and duty-free entry to the U.S. market for most products from the basin--should be improved to give Caribbean states more developmental aid.

Earlier this year the prime minister held discussions with United States President Ronald Reagan in Barbados on the CBI.

He told the trade unionists he did not think President Reagan was properly advised when the CBI was first launched.

The Vincentian prime minister welcomed the forthcoming visit to Washington of a team from the Caribbean Congress of Labour (CCL) for discussions with members of the U.S. Congress on the CBI.

He said: "I am happy to note that the CCL will be taking a delegation up within a couple of days to hold further discussions with members of Congress who might have been dragging their feet a little bit and who probably do not particularly appreciate the problems which are involved in launching a scheme of this sort."

Mr Cato added that one lesson that was forcefully brought home during early discussions of the CBI was that the eastern Caribbean was an important part of the Caribbean Basin.

He said: "Gradually, the light is seeping through and people are beginning to recognise that the eastern Caribbean is an important part of the Caribbean Basin and it's not just confined to El Salvador and Nicaragua and some of these places."

CSO: 3025/1127

## SELA SECRETARY ON VISIT, PROJECTS, CARICOM

FL191400 Bridgetown CANA in English 1827 GMT 18 Jul 82

[Excerpts] Paramaribo, Suriname, 18 Jul (CANA)--The Latin American Economic System (SELA) has submitted to the Secretariat of the Caribbean Community and Common Market (CARICOM) proposals for a well defined programme of cooperation between the two organisations, SELA's permanent secretary, Dr Carlos Alsamora, has said here.

Submitted when a small mission from SELA met CARICOM Secretary General Dr Kurleigh King recently in Georgetown. [Sentence as received]

Dr Alsamora, who has just completed an official 3-day visit here during which he had talks with the Suriname Government, said the permanent council of SELA will discuss the proposals at a meeting to be held in Caracas, Venezuela, from 16 to 25 August. He also disclosed that his organisation was working on a plan for a Latin American heads of government meeting. He said the presidents of Venezuela, Mexico, Panama, Colombia and other countries had said they were prepared to attend the summit.

Stressing the importance for such a meeting, he pointed out that the heads of government of the European Economic Community (EEC) meet every 6 months and work out their organisation's strategy. He said Latin American governments should not complain when they encountered problems from the EEC if they had not met to work out their own strategy.

He also disclosed that SELA was working on a programme for a multinational organisation on oil development in Latin America. The state oil companies of Mexico, Venezuela and Brazil are involved in this project.

He said the work was very advanced and he was hoping that by the end of the year the organisation would be set up. In addition to this, he said, SELA was advancing a number of energy programmes for member countries.

His visit to Suriname was in keeping with his programme of familiarising himself with member countries. He met with the acting Suriname president, Mr Fred Ramdat-Misier, the prime minister, Dr Henri Neyhorst, and the foreign minister, Dr Harvey Naarendorp, other government ministers and officials.

CSO: 3025/1129

## BRIEFS

LOAN FOR BELIZE--Port-of-Spain, Trinidad, 17 Jul (CANA)--The government of Trinidad and Tobago has approved a soft loan of one million dollars (U.S.) to Belize for the rehabilitation and development of its banana industry. The money will be made available to the government of Belize under Trinidad and Tobago's Caribbean aid project, a programme under which technical and financial assistance is provided to members of the Caribbean Community (CARICOM). Mr George Price, prime minister of Belize recently held discussions here with his counterpart George Chambers on the problems facing the development and rehabilitation of the Belize banana industry. [Text]  
[FL191640 Bridgetown CANA in English 1541 GMT 17 Jul 82]

CSO: 3025/1126

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